

ANNUAL REPORT 2006



PLATSEARCH NL

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PLATSEARCH NL

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STOCK EXCHANGE LISTING

Listed on Australian Stock Exchange Limited
ASX Code: PTS

SHARE CAPITAL

At 30 June 2006, 70,768,059 fully paid ordinary shares, 450,000 partly paid ordinary shares and 3,950,000 employee share scheme options.

PlatSearch has moved ahead strongly during the year with good progress on several fronts. Greater demand for prospects with good potential for base and precious metals, iron ore and uranium has led to increased interest in the Company's tenements. Most of the 44 tenements in which PlatSearch has an interest have funding in place through joint ventures with other companies or, in the case of Western Plains Gold Ltd (WPG), through transactions leading to a valuable investment position in that company. The value of PlatSearch's 24.8% interest in Western Plains Gold has been enhanced by its recent move to become an iron ore producer. The market value on ASX of PlatSearch's share in WPG at 30 June 2006 was \$1,079,500.

A very important development has been the establishment of a strategic alliance with Minotaur Exploration Ltd. Minotaur, a successful South Australian based exploration company, will provide substantial funding for PlatSearch's project generation activities. In return, PlatSearch will provide Minotaur with exposure to new exploration opportunities for base and precious metals in Queensland, New South Wales, Victoria and Tasmania over the next three years.

Other significant highlights during the year have included:

- The entry of Teck Cominco into the **Stephens-Centennial** joint venture at Broken Hill. Teck has completed one deep core hole at the Stephens Trig prospect and plans further work including coverage of much of the tenement area with Niton soil sampling.
- Newcrest Mining commenced exploration in the **Benagerie** joint venture located in the northern Curnamona Craton, SA. Four targets for iron-oxide associated copper-gold have been identified and Newcrest has completed pre-collar drilling on these targets.
- Red Metal completed further gravity surveys in the **Quinyambie** joint venture, also in the northern Curnamona Craton. On the basis of these results, Red Metal has completed pre-collar drilling on the Dolores east prospect and is waiting on a core drill to complete a basement test.
- Western Plains Gold has embarked on a very active programme on the **Mulyungarie** and **Euriowie** joint ventures at Broken Hill. A large gold anomalous ironstone system has been discovered at Mulyungarie and four key copper-gold prospects are being tested at Euriowie.
- The **ZincSearch** joint venture at Broken Hill, funded by CBH Resources, has covered extensive areas within the large ZincSearch tenement package with soil geochemistry using a Niton XRF analyser. Approximately 30,000 sites have been sampled so far with the recording of at least 15 new geochemical anomalies that are untested by previous drilling.
- With six new large exploration licences, PlatSearch has established a strong ground position in a new exploration "frontier" in NSW – the **Thomson Fold Belt**. Recent aeromagnetic data shows a large number of possible base and precious metals and diamond targets.
- **Western Plains Gold** has entered the iron ore industry by the acquisition of mining tenements at Peculiar Knob and Hawks Nest in SA which host significant deposits of iron ore mineralisation. WPG believes these project tenements can underpin viable mining projects under current conditions.
- The terms for five new joint ventures for the **Mirikata** and **Kalabity** projects in SA and the **Mundi Plains, Cymbric Vale** and **Dunmore/Tomingley** projects in NSW have been negotiated and agreed. Incoming partners will fund substantial work programmes on all of these projects. Documentation for these joint ventures is in progress.

Expenditure on PlatSearch's areas for the 12 months to 30 June 2006 was \$2,360,000 of which \$148,000 was spent by PlatSearch; the balance by joint venturers.

Shareholders are encouraged to visit the Company's website www.platsearch.com.au where full and up-to-date information on PlatSearch's activities can be obtained, including quarterly reports and announcements.



EXPLORATION STRATEGY

PlatSearch's primary targets are large, world-class deposits, principally base metals (copper, lead, zinc and nickel), precious metals (gold and silver) and uranium. The Company has continued to build a strong tenement holding with potential for these types of deposits. Attention is focussed currently on the Curnamona Province (including the Broken Hill Block), the Gawler Craton, the Mt Isa Block, the Lachlan Fold Belt and the Thomson Fold Belt.

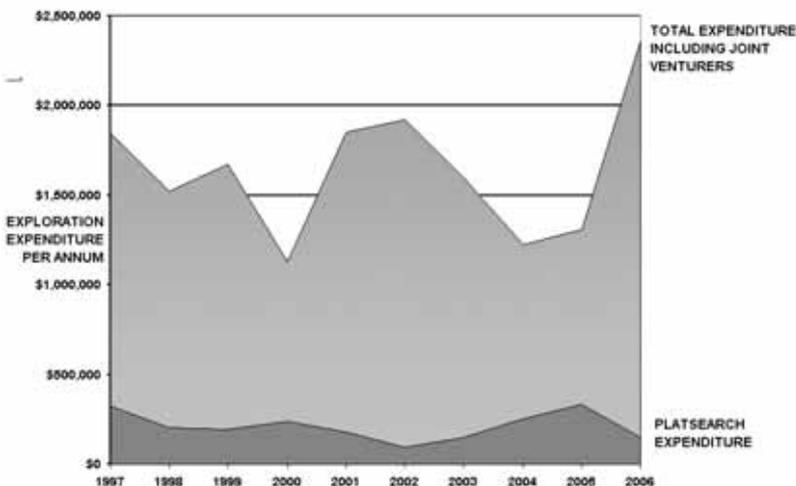
Large mineral deposits commonly have signatures recognisable in regional geophysical data, specifically magnetic and gravity data. PlatSearch's selection of areas and prospects is often based on interpretation of the vast amount of geophysical and other exploration data increasingly available in Australia. The Company's in-house geophysical experience and computing expertise are a vital part of this process.

PlatSearch has added an advanced geochemical analytical technology to its exploration "toolbox" – a technology that provides real-time geochemical analysis of soils using a portable XRF analyser. This equipment provides in-situ analysis of surface soil, for a range of elements (base metals) with results available immediately. Coupled with GPS positioning, the XRF analyser enables areas to be geochemically mapped with an unprecedented level of detail. The technology is effective where there are large areas of shallow residual soils, such as much of the Broken Hill Block. It is capable of defining anomalies that represent geochemical "hot spots" where metals are consistently and strongly anomalous over a significant area. These hot spots then represent ideal first stage drilling targets.

PlatSearch's activities are expertise intensive but relatively low cost. The higher cost activities, particularly drilling, are farmed out to larger companies. By this means PlatSearch's share capital remains tight. Following a discovery and successful development, PlatSearch would have a minority (10-30%) non-operating interest or a royalty interest in a mining project.

Exploration for world-class deposits is a high-risk, high-cost but potentially very high-reward endeavour. Mineral discoveries can only be made by drill testing quality targets. The more targets that are tested, the higher the probability of success.

This strategy requires persistence and is critically dependent on ongoing funding by larger joint venture partners. PlatSearch continues to attract such support for exploration on its areas.

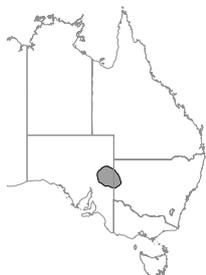


Using the Niton portable XRF analyser at Broken Hill

The accompanying graph shows the level of exploration funding on the Company's areas by joint venture partners which, over the past nine years, has averaged \$1,433,000 per annum, compared with \$212,000 per annum by PlatSearch. From time to time joint venturers may withdraw from specific projects. However, the high prospectivity of our areas determines that new partners are usually found. Areas that do not measure up, or that do not ultimately attract further funding, are relinquished.



CURNAMONA PROVINCE

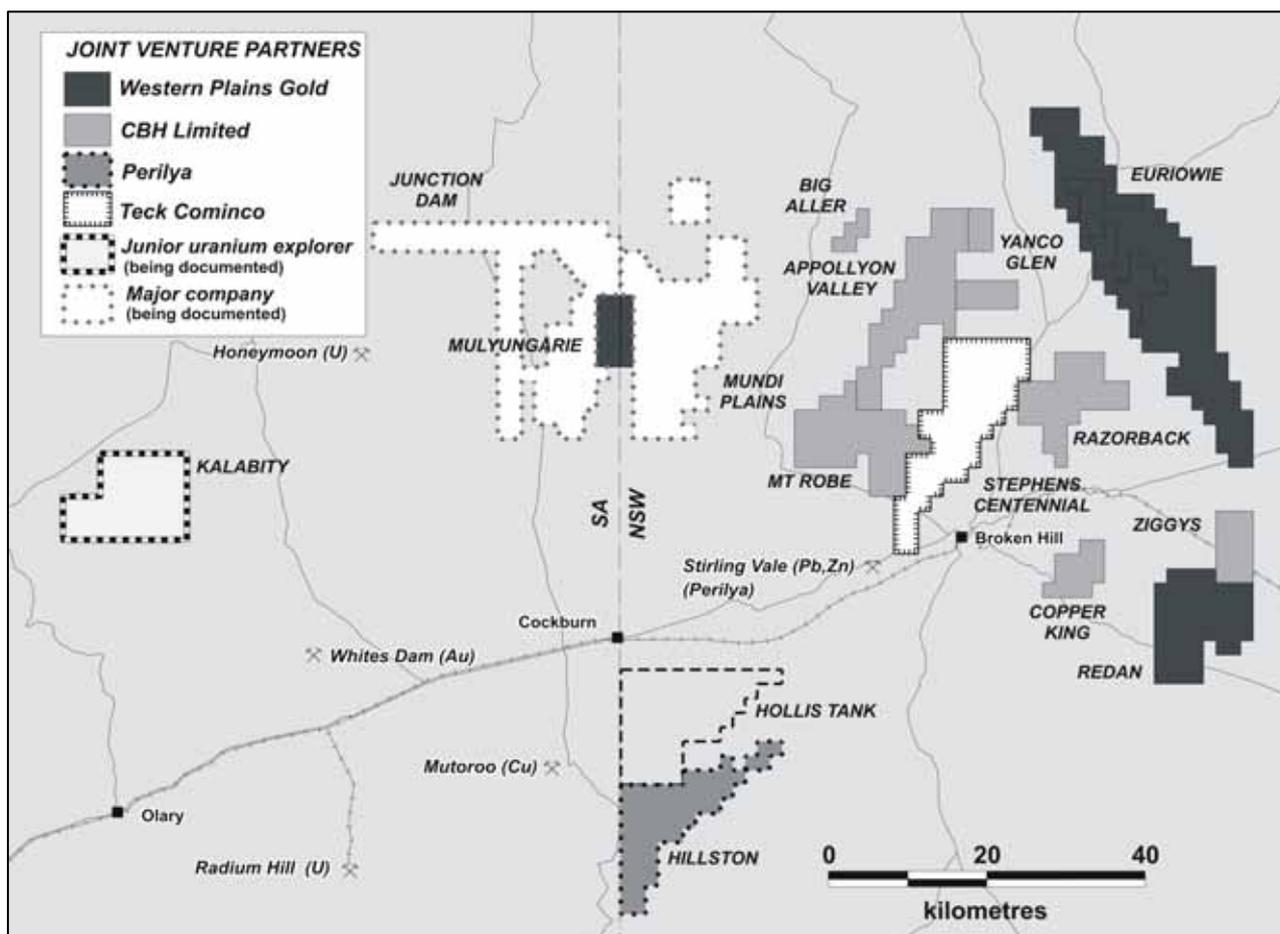


The Curnamona Province continues to be a primary target area for PlatSearch and its joint venturers. It is regarded by industry and government experts as one of the more prospective regions in Australia for iron-oxide copper-gold (IOCG) deposits, Broken Hill style silver-lead-zinc deposits and uranium.

At the **Euriowie Project** located 40 kilometres north east of Broken Hill, joint venturer Western Plains Gold has focussed its attention on four copper-gold prospects, Yalcowinna Creek, Fairy Hill, Son of Man and B40. Substantial prospect-scale work consisting of geological mapping, geochemical sampling, geophysical surveys and RAB (rotary air blast) drilling has been conducted on these prospects to define targets for deeper RC (reverse circulation percussion) drilling.

Two programmes of RC drilling were completed at Fairy Hill and Yalcowinna Creek. At the *Fairy Hill Prospect* five of the six holes drilled intersected broad intervals containing consistent low-grade copper mineralisation, the best result being 24 metres at 0.47% copper (hole FH-1). Further RAB drilling is required to test extensions of the mineralised zone indicated by moving loop electromagnetic surveys and to close off the copper geochemical anomaly.

At the *Yalcowinna Creek Prospect* all nine RC holes intersected significant widths of low-grade copper mineralisation in the targeted position down-dip from the gossan, with the best intersection being 24 metres at 0.35% copper (hole YC-2).



Location of PlatSearch tenements and joint venture relationships in the Broken Hill district, NSW and SA



REVIEW OF OPERATIONS

The Company considers that the low grade mineralisation intersected so far at Fairy Hill and Yalcowinna Creek may represent an alteration halo of a type that commonly surrounds bodies of higher grade mineralisation. MLEM surveys at Yalcowinna Creek grid indicated that the mineralised gossan zone has a strike length in excess of one kilometre. The MLEM results also defined a strong conductivity anomaly located in the down-dip position of the southern extension of the mineralised zone. This anomaly could be due to a massive sulphide body.

Assay results from three additional lines of RAB holes in this area have confirmed the southerly extension of the gossan zone and, more significantly, show that the bedrock vertically above the conductivity anomaly is also anomalous in copper. Two inclined RC holes and one inclined RC pre-collared diamond hole are planned to test the coincident geochemical and EM targets.

Work at the *Son of Man Prospect* has defined a gossan zone that is in excess of 1,400 metres long. Rock chip sampling has confirmed that this gossan zone is strongly anomalous in copper over the entire 1,400 metres strike length. Over one third of the samples assayed greater than 1,000ppm copper up to a maximum value of 2.81%. Anomalous gold values were also recorded up to a maximum of 2.97 g/t.

A systematic program of RAB drilling to provide bedrock geochemical samples has been completed over the central part of the gossan zone. Results have outlined a significant 450 metre long linear copper anomaly. A four-hole programme of inclined RC drill holes has been designed to test geophysical and geochemical anomaly targets.

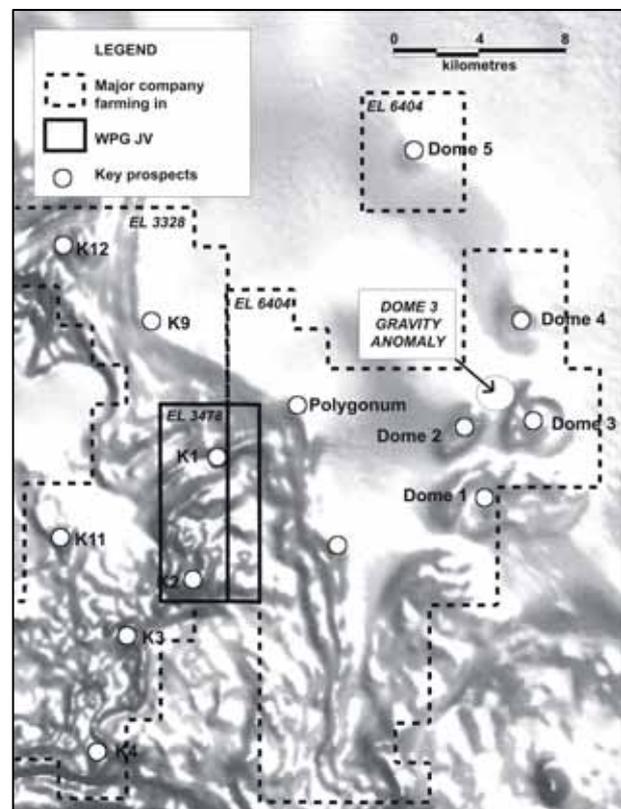
Ground magnetic and MLEM surveys were completed at the *B40 Prospect*. The ground magnetic data define a broad 3,000 nanoTesla anomaly together with a series of lesser magnitude anomalies that extend over a total strike length of 4.5 kilometres. Geophysical modeling indicates the main anomaly is probably due to a magnetite-rich body that has a 600 metre strike length and is likely to be 100-200 million tonnes in size.

MLEM surveys were conducted over selected areas of the B40 prospect and results indicate the presence of several weak conductors that may represent sulphides at depth. These targets, along with small areas of gossan outcrop, were further investigated with a program of wide-spaced RAB geochemical sampling. No significant results were recorded from the RAB drilling, however some areas could not be sampled due to the presence of a buried silcrete layer, impenetrable to RAB drilling. Targets for possible future deeper drilling will be determined from interpretation and modelling of the deeper-penetrating geophysical responses.

At the **Mulyungarie Project** two diamond drillholes provided a preliminary test of the large gravity and magnetic anomalies at the *K1 Prospect* located in EL 3478 near the NSW-SA border. Half of the drilling costs were funded by a drilling aid grant from the South Australian Department of Primary Industries and Resources (PIRSA) under the Plan for Accelerating Exploration (PACE) scheme.

DDHK1-1 tested beneath the peak of the magnetic anomaly. It intersected a large quartz-magnetite-hematite body close to the target depth at 176.8 metres down-hole and continued in this lode material to a final depth of 298.8 metres where a large cavity and broken rod string forced the hole to be abandoned. Assay results from the core returned spotty, low-level gold values between down-hole depths of 168.0 and 220.0 metres. The upper part of the ironstone averaged 0.53 g/t gold over the nine metre interval between 177.0 and 186.0 metres down-hole, including two metres at 1.65 g/t.

DDHK1-2 was designed to test beneath the peak of the gravity anomaly and was collared 200 metres to the southwest of DDHK1-1. This second hole intersected the siliceous ironstone body between down-hole depths of 125.0 and 185.0 metres after passing through a zone of highly



Location of PlatSearch tenements on the Mundi Plains, Broken Hill. Background image of aeromagnetic data

REVIEW OF OPERATIONS



weathered and leached, clay-altered, ferruginous basement rocks from 112.0 metres. Below 185.0 metres, the rocks are intensely quartz-K-feldspar-chlorite altered and contain sulphide-bearing quartz-magnetite-hematite veins together with common disseminated pyrite and occasional veins of massive pyrite up to 10 centimetres thick. Narrow breccia zones are also present within the core. The hole was completed at a depth of 462.0 metres in highly altered gneissic rocks.

Assay results for DDHK1-2 are similar to DDHK1-1 with low level anomalous gold values present between down-hole depths of 142.0 to 155.0 metres and 223.2 to 231.0 metres. Two high grade assays were obtained from the lower anomalous interval with 7.12 g/t gold recorded from a 30 centimetre massive pyrite vein between depths of 223.2 – 223.5 metres. An assay of 4.46 g/t gold was recorded from the interval 225.0 – 226.0 metres coincident with a zone of prominent pyrite veining.

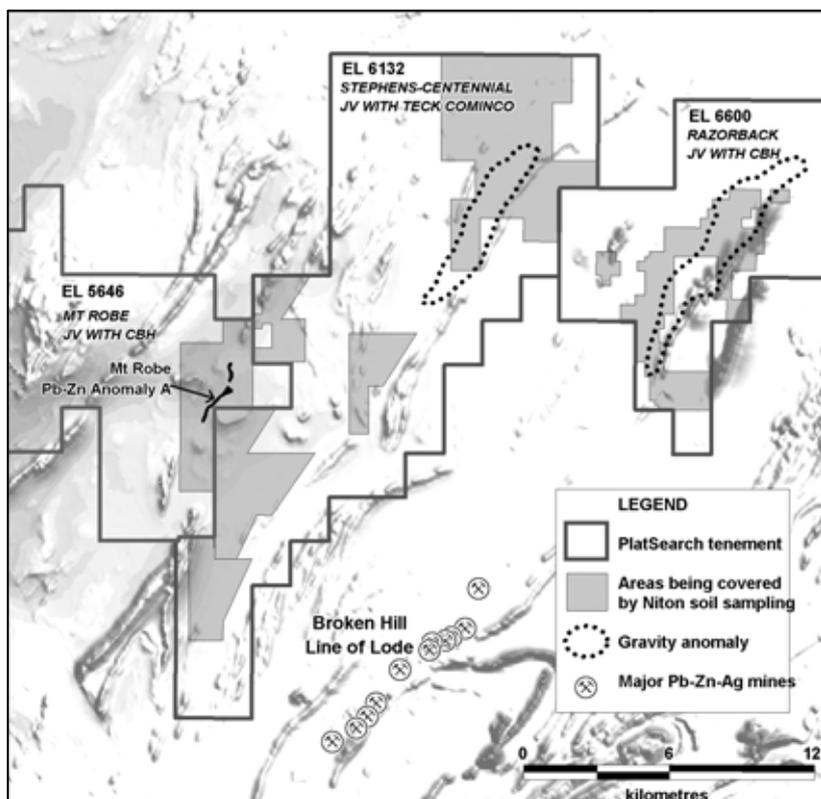
Results from the drilling program have established the presence of a very large hydrothermal alteration system at the K1 prospect that has been tested only partially by these two holes. Geophysical data indicates that neither hole fully intersected the ironstone body, thought to be at least 200 metres thick and approximately 1,000 metres long. The composition of the iron oxide lode shows strong similarities to ironstone bodies in the Cloncurry and Tennant Creek regions of Queensland and the Northern Territory where, in some instances, they host economic deposits of gold and copper.

While core assays from the two K1 holes are generally of low-order they show that the hydrothermal system is significantly gold anomalous. There is considerable room for improved values and further drilling is required to search for mineralisation of economic size and grade. WPG plans to follow-up the encouraging results with a pattern of vertical rotary/core holes into the bedrock to test the undrilled sections of both the ironstone body and the surrounding alteration envelope.

Previous drilling at a number of prospects at the **Mundi Plains Project** at Broken Hill has demonstrated the existence of a thick and highly metal anomalous sequence, prospective for both silver-lead-zinc and copper-gold deposits. Based on the drilling results and the available geophysical data, this sequence extends for a strike length of at least 30 kilometres

within PlatSearch's tenements. A joint venture with major company is being documented regarding the Mundi Plains tenement and the adjoining Junction Dam tenement in SA. The first drill for this joint venture will be the gravity anomaly at Dome 3 prospect.

The **ZincSearch Joint Venture** is undertaking an extensive soil geochemical sampling programme over the **Razorback, Yanco Glen, Ziggys, Copper King, Apollyon Valley, Big Aller and Mt Robe** tenements at Broken Hill, NSW. Large parts of these tenements have had no previous geochemical coverage. The sampling programme is utilising a new technology (NITON XRF portable analyser) that provides in-situ analysis of surface soil, for a wide range of elements, with results available immediately. Coupled with GPS positioning, the NITON XRF analyser enables areas to be geochemically mapped rapidly and with an unprecedented level of detail. CBH Resources is funding the work programme which is being managed by PlatSearch. Approximately 30,000 sites have been sampled so far in the Copper King,



Location of detailed soil sampling using the Niton XRF analyser in the Mt Robe, Stephens-Centennial and Razorback tenements at Broken Hill



REVIEW OF OPERATIONS

Razorback, Yanco Glen and Mt Robe tenements. The programme has led to the definition of 15 new soil geochemical anomalies that are untested by previous drilling. Many of these anomalies show strong lead and zinc values in soils (up to several percent) that extend over significant strike length. The sampling programme is approximately 80% complete. Following completion in late 2006, selected anomalies will be field checked and then prioritised for drilling.

The **Stephens-Centennial Project** is located only 10 kilometres north-west of the Broken Hill line-of-lode and embraces a 30 kilometre strike length of highly prospective Broken Hill Group metasediments, with numerous occurrences of Broken Hill style stratiform lead-zinc-silver mineralisation. Joint venturer Teck Cominco completed a 960 metre diamond core hole sited on a combined structure/gravity target at the *Stephens Trig* prospect. The hole targeted a hinge position considered to be a favourable structural setting for the occurrence of Broken Hill style mineralisation. No obvious mineralisation was encountered in the hole. Teck Cominco plans to undertake electrical surveys (deep penetrating induced polarisation/resistivity) in an attempt to highlight further drilling targets in the Stephens Trig area. Detailed soil sampling over extensive parts of the tenement using a NITON portable XRF analyser has commenced.

The **Callabonna** and **Quinyambie Projects** are located in the north-western portion of the metal-rich Curnamona Province of SA and target Olympic Dam style copper-gold-uranium mineralisation in basement rocks.

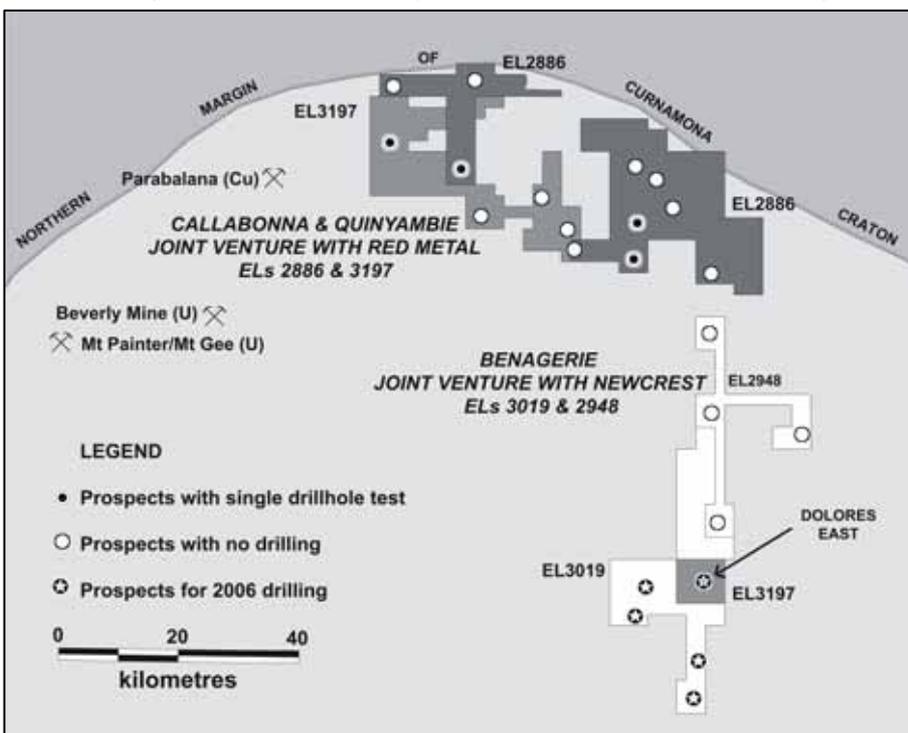
Joint venturer Red Metal completed a programme of shallow aircore drilling in both the Callabonna and Quinyambie tenements to evaluate potential for calcrete style uranium in the Quaternary channels. No significant accumulations of valley-fill calcrete favourable for uranium mineralisation were encountered. In the Callabonna tenement Red Metal completed additional regional gravity surveying to close off anomalies defined in the 2004 surveys. Anomalies determined from the gravity modelling will be assessed for drilling later in 2006.

In the Quinyambie tenement Red Metal completed a precollar hole (QBE2) on the *Dolores East* prospect 220 metres northwest of earlier drill hole (QBE1) which intersected a volcanic hydrothermal breccia pipe containing broad intervals of low-grade copper mineralisation and hematite alteration. Encouraging basement rock from the bottom of the QBE2 precollar comprised strongly weathered siderite-sericite altered breccia with traces of pyrite, chalcopyrite and hematite. The hole will be continued into basement rocks with diamond core drilling when a suitable rig is available. Other anomalies determined from the gravity modelling will also be assessed for drilling.

Joint venturer Newcrest Mining completed seven precollar holes to basement on five prospects defined by magnetic and detailed gravity data in the **Benagerie Joint Venture** area. The Benagerie Joint Venture encompasses the Frome and Poverty Lake tenements in the northern Curnamona Province.

The prospects selected by Newcrest are considered to have potential for Olympic Dam style copper-gold-uranium mineralisation. Depths to basement ranged from 102 to 255 metres. Acid volcanic rocks were encountered in all holes with several short basement core runs showing weak fracture-controlled sericite-carbonate-haematite-quartz-chlorite-pyrite alteration. The precollar holes have been cased in preparation for core drilling into basement rocks, which will commence as soon as a core drilling contractor can be engaged.

At the **Kalability Project** located near Olary, SA, 362 in-fill calcrete samples were collected



Location of PlatSearch tenements in the northern Curnamona Craton SA

REVIEW OF OPERATIONS



in a follow-up programme to the previous extensive regional calcrete sampling programme completed by WPG. The detailed results confirmed the results from the regional scale sampling with no significant new anomalies defined. Joint venturer WPG conducted a small programme of RAB drilling over the two uranium anomalies defined by the regional scale calcrete sampling programme. Results showed only minor spiky anomalous uranium values up to 89ppm. WPG withdrew from the joint venture in August 2006. A new joint venture with a listed junior uranium exploration company has been negotiated and documentation of the joint venture agreement is in progress.

GAWLER CRATON

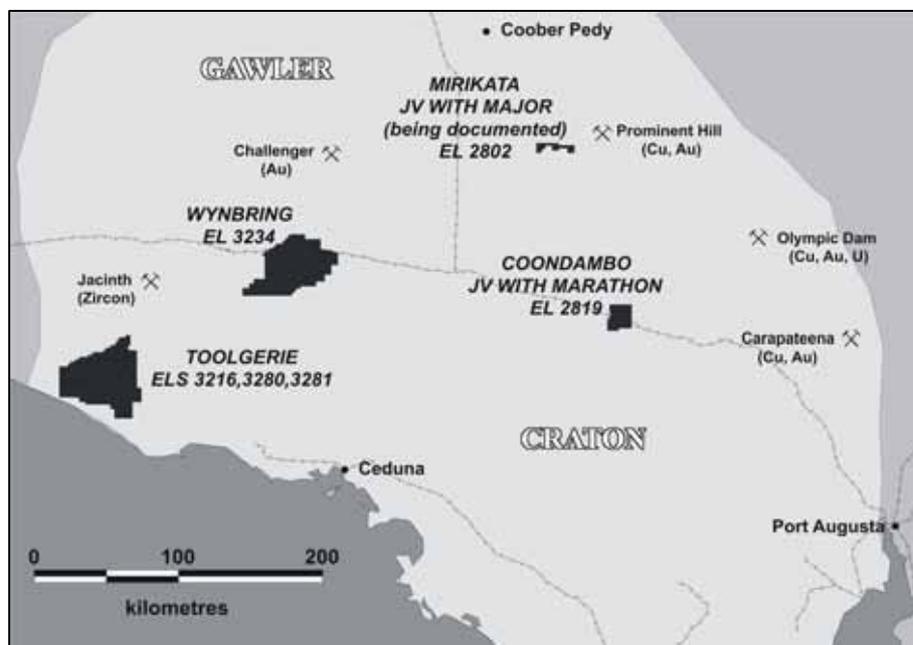


Located approximately 25 kilometres west of the Prominent Hill copper-gold project (Oxiana) the **Mirikata Project** tenement contains several untested gravity and magnetic targets. Joint venture terms with a large Australian mining company which will conduct further drilling in the search for Olympic Dam style copper-gold-uranium mineralisation have been agreed and documentation is in preparation.

Joint venturer Marathon Resources completed an inclined reverse circulation drillhole to a depth of 403.9 metres at the Scorpion North prospect, at the **Coondambo Project**. The hole targeted a conductor defined by electrical surveys. No mineralisation was encountered. Marathon is reviewing the results of this drillhole and its implications for its exploration strategy in the Coondambo region.

The **Wynbring Project** tenement covers an area of approximately 2,000 square kilometres on the western flank of the Gawler Craton. It lies within the Fowler Domain, considered to have a similar tectonic setting to the Thompson Nickel Belt in Canada, location of many important sulphide nickel-copper deposits. Wide-spaced reconnaissance bedrock drilling carried out by PIRSA indicated the presence of a 30 kilometre-long zone of intermediate to ultramafic rocks adjacent to a major fault and geochemically anomalous in gold, nickel, chromium, platinum and palladium. Most of this zone lies within PlatSearch's tenement.

Following its completion of a large airborne electromagnetic survey, previous joint venture partner Inco Resources (Australia) Pty Ltd completed limited ground MLEM surveys over selected sites. On the basis of these results only, Inco withdrew from the joint venture in November 2005. A review by PlatSearch of the MLEM data shows several anomalies that justify follow-up MLEM surveys and drill-testing. Discussions with potential joint venturers to fund this work are in progress.



Location of PlatSearch tenements in the Gawler Craton, SA



THOMSON FOLD BELT

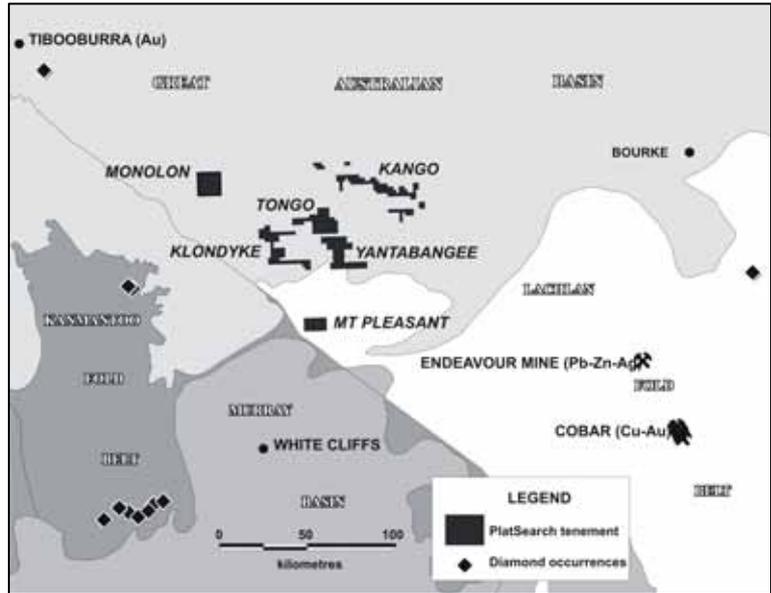


Following the release by the NSW Geological survey of new, high quality aeromagnetic data over the Thomson Fold Belt, PlatSearch moved quickly to secure large areas prospective for base metals and diamonds.

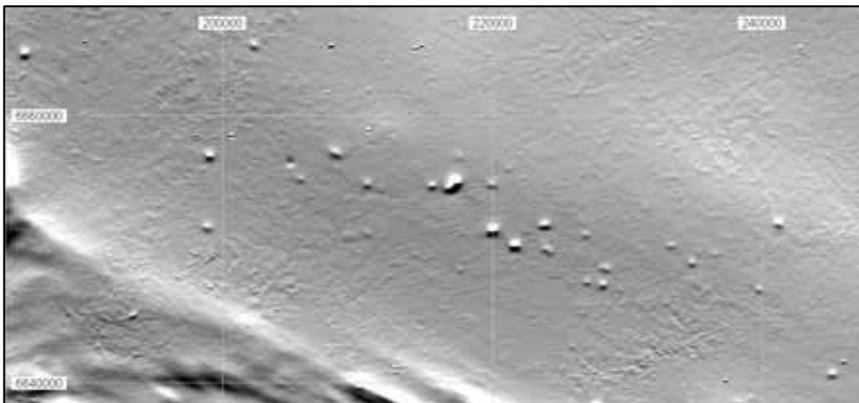
The Thomson Fold Belt is located in the northwest corner of NSW and is one of the last “frontiers” for exploration in NSW, being previously unexplored for minerals. Using the recent aeromagnetic data PlatSearch has identified a possible continuation of the Siluro-Devonian Cobar Basin rocks under shallow cover on the southern margin of the Thomson Fold Belt.

To the east, the Cobar Basin rocks host the valuable Endeavour zinc mine (CBH Resources) and substantial copper-gold deposits near Cobar. Careful interpretation of the aeromagnetic data reveals a number of discrete magnetic signatures of the Endeavour type and these have been covered by five of the PlatSearch tenements (Tongo, Monolon, Yantabangee, Klondyke and Mt Pleasant) embracing a total area of 910 square kilometres. In the five licence areas 17 base/precious metals targets that warrant ground follow-up and possibly drilling have been identified. A programme of ground magnetic surveys followed by drilling on selected targets commenced in September 2006.

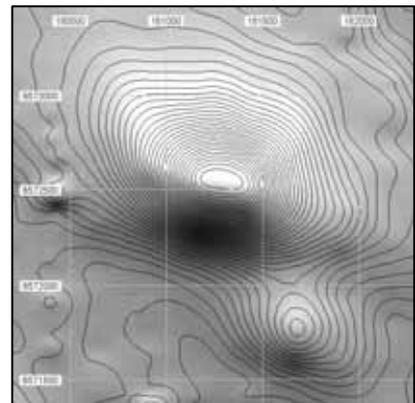
A sixth tenement (Kango) covers at least 20 discrete “bullseye” anomalies that may be due to diatremes. The anomalies occur along a major structural trend and this mode of occurrence is similar to diatreme “swarms” that exist in known producing diamond provinces.



Location of PlatSearch tenements in the Thomson Fold Belt in northwest NSW



Kango project – aeromagnetic image shows a swarm of “bullseye” anomalies caused possibly by diatremes



Frontier 8 prospect, Mt Pleasant project – one example of many magnetic anomaly targets in the Thomson Fold Belt



LACHLAN FOLD BELT



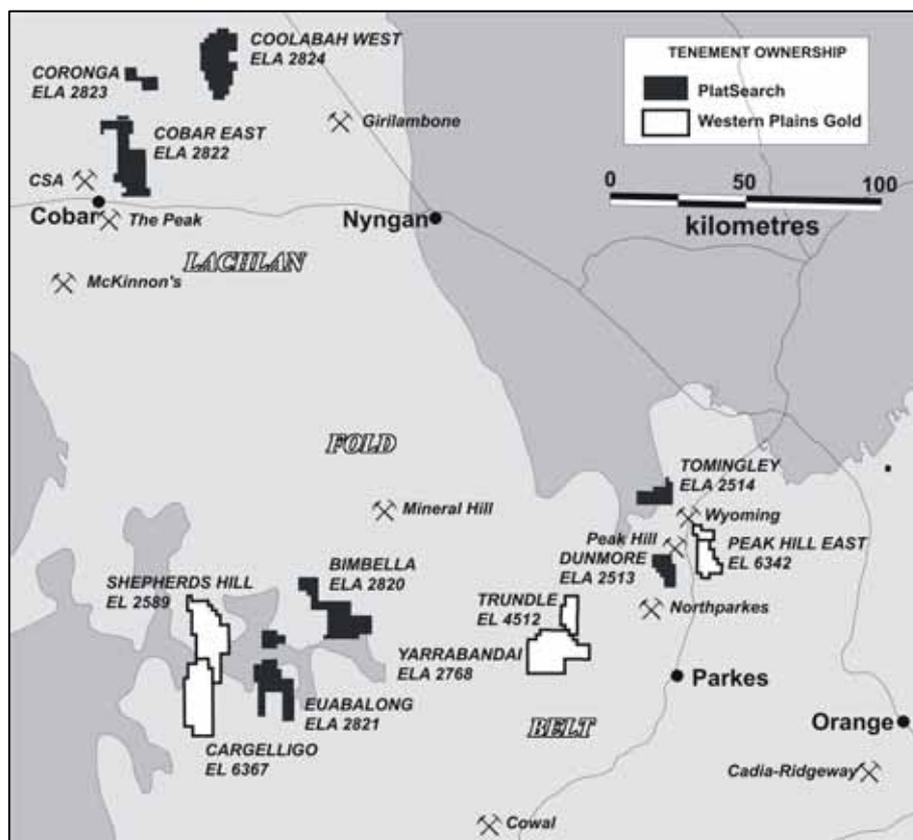
In the Lachlan Fold Belt PlatSearch has significant exposure to potential for large porphyry-style copper-gold deposits through its Dunmore and Tomingley tenements and the Trundle and Peak Hill East tenements held by WPG. These projects are located in an island-arc environment within the Bogan Gate synclinal zone, an important “corridor” that hosts several significant gold-copper and gold porphyry deposits including Northparkes, Cowal and Wyoming and also the recently mined, epithermal gold deposits at Peak Hill and Gidginbung. Mineral resources with a combined total of 7.8 million ounces of gold have been discovered by exploration within this corridor since 1977.

The **Dunmore Project** is located approximately 16 kilometres north of Rio Tinto’s Northparkes mines and 5 kilometres west of Alkane’s Peak Hill mine. The **Tomingley Project** is located approximately 14 kilometres northwest of Alkane’s Wyoming gold deposit.

PlatSearch considers that these tenement areas have been explored only partially with wide-spaced soil and C-horizon sampling and that significant potential remains for Northparkes style porphyry copper-gold deposits and sheeted-vein gold deposits. At Dunmore the previous tenement holder focused on one prospect where anomalous gold was defined over a strike length of 1.8 kilometres. From 12 RC drillholes completed on this prospect, there were 39 intervals that assayed in excess of 1 g/t gold and up to 12.9 g/t. The anomalous zone appears to be “open” to the north and south and based on the wide-spaced RAB sampling, could extend for several more kilometres. Negotiations regarding a joint venture to fund ongoing work are advancing.

Five new exploration licences have been applied for in western NSW near Cobar and Euabalong. A number of aeromagnetic features have been identified for investigation and a shallow drilling programme will commence as soon as the tenements are granted.

PlatSearch holds an indirect interest in projects at Trundle, Lake Cargelligo and Peak Hill East in the Lachlan Fold Belt through its 25% shareholding in Western Plains Gold Ltd.



Location of PlatSearch and Western Plains Gold tenements in the Lachlan Fold Belt, NSW

At the **Trundle Project** targets for two inclined RC holes have been defined from the results of RAB and aircore drilling at the *Mordialloc Prospect*. Systematic bedrock sampling during the first half of 2006 outlined significant copper and gold geochemical anomalies with overall dimensions of 1,400 metres north-south by 950 metres east-west and with maximum values of up to 2,260ppm copper and 1.0 g/t gold. The planned drill holes will test beneath coincident gold-copper peaks within the broader anomalous zones. Drilling is expected to commence during the December quarter. PlatSearch has a 2% Net



Smelter Royalty interest in the Trundle tenement. Five magnetic anomalies in the **Peak Hill East Project** area have been selected for follow-up aircore drilling.

Two diamond core holes on the Achilles 1 Prospect at the **Cargelligo Project** intersected a zone of intense hydrothermal alteration with low-grade copper mineralisation confirming that the geological setting is similar to that at the Peak Mine near Cobar. Further drilling is planned to test six discrete magnetic anomalies defined by ground magnetic surveys.

MT ISA BLOCK



Discussions with potential joint venture partners regarding the large copper and gold bearing ironstone system at the Lilleyvale Project have continued. The considerable depth of cover (550 metres) represents a major challenge for further exploration, but this factor is offset by the huge size of the system indicated by geophysical data, the existence of further good drilling targets and the potential for high-grade gold-copper and/or Broken Hill Style lead-zinc-silver deposits.

Bob Richardson
Managing Director

The information on mineralisation contained in this report accurately reflects information compiled by R L Richardson, BSc, BE (Hons), MAusIMM, MASEG, Managing Director and a part-time employee of PlatSearch NL a Competent Person (as defined by the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves), who has relevant experience in relation to such mineralisation and has consented to the inclusion of such information in this report.

SUMMARY OF JOINT VENTURES

as at 28 September 2006



Apollyon Valley EL 6475, Big Aller EL 5646 and Mt Robe EL 6147, NSW

PlatSearch 50% and Broken Hill Operations Pty Limited 50%. Broken Hill Operations can earn a 60% interest by funding the Stage One work programme. PlatSearch can then contribute with 40%, reduce to a 20% interest free-carried to completion of a bankable feasibility study and then participate or convert to a NSR royalty.

Callabonna EL 2886, SA

PlatSearch 100%. Red Metal can earn a 70% interest by spending \$3 million within three years. PlatSearch can contribute with 30% or reduce to a 15% interest, carried to completion of a bankable feasibility study and repayable from PlatSearch's share of net proceeds of mine production.

Coondambo EL 2819, SA

PlatSearch 50% and Marathon Resources Ltd 50%. PlatSearch has a 50% joint venture interest in this EL. Marathon can earn 80% by spending \$1 million within four years. PlatSearch can contribute with 20% or reduce to a 10% interest, carried to completion of a bankable feasibility study and then participate or convert to a NSR royalty.

Copper King EL 5919, Razorback EL 6600, Yanco Glen EL 5764 and Ziggys EL 6036, NSW

PlatSearch 40%, Eaglehawk 10% and Broken Hill Operations Pty Limited 50%. Broken Hill Operations can earn a 60% interest by funding the Stage One work programme. PlatSearch/Eaglehawk can then contribute with 40%, reduce to a 20% interest free-carried to completion of a bankable feasibility study and then participate or convert to a NSR royalty.

Cymbric Vale EL 6403, NSW

PlatSearch 50% and Paradigm Mexico Pty Limited 50%. PlatSearch has an agreement whereby Paradigm Mexico has a 50% joint venture interest in this tenement. In the event of a farm-out to a third party, both parties would dilute in proportion 50:50.

Dunmore EL 6473 and Tomingley EL 6474, NSW

PlatSearch 90% and RobertsConsulting Pty Ltd 10%. In the event of a farm-out of a tenement to a third party, both parties would dilute in proportion 90:10.

Euriowie ELs 5771 and 6188, NSW

PlatSearch 80% and Eaglehawk 20%. Western Plains Gold can earn a 60% interest by spending \$750,000 by September 2008. PlatSearch can then contribute with 32% or reduce to a 16% interest free-carried to completion of a bankable feasibility study.

Frome EL 3019, SA

PlatSearch 50% and Allender 50%. PlatSearch has a 50% joint venture interest in this EL. In the event of a farm-out to a third party, both parties would dilute in proportion 50:50. Newcrest can earn a 70% interest in the licence by completing expenditure of \$2 million before April 2010. When Newcrest earns a 70% interest PlatSearch can elect to participate in further expenditure with a 15% interest, or reduce to a 10% interest carried via a non-recourse loan up to a decision to mine stage, or reduce to a 5% free-carried to decision to mine. At decision to mine PlatSearch can elect either to participate or convert its interest to a net smelter royalty.

Hillston EL 6363, NSW

PlatSearch 80% and Eaglehawk 20%. Perilya can earn an 80% interest in this tenement by completing expenditure of \$1.5 million within four years. PlatSearch and Eaglehawk can then each participate with their respective interests of 16% and 4% or convert to a 10% and 2.5% free-carried interest to completion of a bankable feasibility study. On completion of a bankable feasibility study, PlatSearch and Eaglehawk can participate or convert their interests to a NSR interest.

Hollis Tank EL 5765, NSW

PlatSearch 80% and Eaglehawk 20%. PlatSearch has an agreement whereby Eaglehawk has a 20% joint venture interest in this tenements. In the event of a farm-out of the tenement to a third party, both parties would dilute in proportion 80:20.



Mulyungarie EL 3478 and Mundi Mundi EL 4657, SA and NSW

PlatSearch 80% and Eaglehawk 20% of EL 3478 and PlatSearch 100% of EL 4657. Western Plains Gold can earn a 60% interest in each licence by spending \$750,000 within four years. PlatSearch can then contribute with 32% or reduce to a 16% interest free-carried to completion of a bankable feasibility study on EL 2776. PlatSearch can then contribute with 40% or reduce to a 20% interest free-carried to completion of a bankable feasibility study on EL 4657.

Junction Dam EL 3328, SA

PlatSearch 80% and Eaglehawk 20%. PlatSearch has an agreement whereby Eaglehawk has a 20% joint venture interest in this tenements. In the event of a farm-out of the tenement to a third party, both parties would dilute in proportion 80:20.

Poverty Lake EL 2948, SA

PlatSearch 50%, Allender 25% and Hosking 25%. PlatSearch has an agreement whereby Allender and Hosking each have a 25% joint venture interest in this EL. In the event of a farm-out of a tenement to a third party, all parties would dilute in proportion 50:25:25. Newcrest can earn a 70% interest in the licence by completing expenditure of \$2 million before April 2010. When Newcrest earns a 70% interest PlatSearch can elect to participate in further expenditure with a 15% interest, or reduce to a 10% interest carried via a non-recourse loan up to a decision to mine stage, or reduce to a 5% free-carried to decision to mine. At decision to mine PlatSearch can elect either to participate or convert its interest to a net smelter royalty.

Quinyambie EL 3197, SA

PlatSearch 50% and Allender, Kennedy, Aurelius Resources, Hosking and Houldsworth (collectively Dolores Syndicate 50%). Red Metal can earn 70% by spending \$3 million. PlatSearch can contribute with 15% or reduce to a 7.5% interest, carried to completion of a bankable feasibility study and repayable from PlatSearch's share of net proceeds of mine production.

Redan and Kanbara ELs 5795 and 6394

PlatSearch sold its 80% interest in these ELs to WPG during the 2004-05 year and retains a royalty interest.

Stephens-Centennial EL 6132, NSW

PlatSearch 48%, Eaglehawk 12% and Triako 40%. Teck Cominco can earn a 75% interest by completing expenditure of \$3 million in stages before 30 June 2009. When Teck earns a 75% interest PlatSearch will have 7.2%, Triako 6%, Eaglehawk 1.8% and Sipa 10% free carried interest. At a decision to mine the parties may participate or convert to a net smelter royalty. Endeavour Minerals has a 1.5% NSR on any discovery in a small area of the licence.

Toolgerie EL 3216, Black Hill EL 3281 and Yalata EL 3280, SA

PlatSearch 80% and Bohoun Resources 20%. In the event of a farm-out of a tenement to a third party, both parties would dilute in proportion 80:20.

Trundle EL 4512, NSW

PlatSearch sold its 80% interest in this EL to WPG during the 2004-05 year and retains a royalty interest.

Woodlawn South EL 5652, ELAs 2692 and 2597, NSW

PlatSearch holds a 2.5% net smelter royalty.

SCHEDULE OF TENEMENTS

as at 28 September 2006



| Tenement | Tenement Number | Interest | Joint Venture Details |
|--|--|----------|---|
| NEW SOUTH WALES | | | |
| Broken Hill | | | |
| Mundi Mundi | EL 4657 | 100% | WPG can earn 60% |
| Mundi Plains | EL 6404 | 100% | - |
| Euriowie | ELs 5771 and 6188 | 80% | WPG can earn 60%, Eaglehawk 20% |
| Stephens-Centennial | EL 6132 | 48% | Teck can earn 75%, Note 1 |
| Redan and Kanbara | EL 5795 and EL 6394 | 0% | Royalty interest only |
| Hollis Tank | EL 5765 | 80% | Eaglehawk 20% |
| Hillston | EL 6363 | 80% | Perilya can earn 80%, Eaglehawk 20% |
| Yanco Glen, Razorback, Copper King and Ziggys | ELs 5764, 6600, 5919 and 6036 | 40% | BH Operations 50%, Eaglehawk 10% |
| Apollyon Valley, Big Aller and Mt Robe | ELs 6475, 5646 and 6147 | 50% | BH Operations 50% |
| Cymbric Vale | EL 6403 | 50% | Paradigm Mexico 50% |
| Tongo, Yantabangee, Mt Pleasant, Klondyke and Monolon, | ELs 6630 and 6631 and ELAs 2765, 2766 and 2767 | 100% | - |
| Kango | EL 6632 | 100% | - |
| Cobar | | | |
| Cobar East, Coronga and Coolabah West | ELAs 2822, 2823 and 2824 | 100% | - |
| Lachlan Fold Belt | | | |
| Woodlawn South | EL 5652, ELAs 2692 and 2597 | 0% | Royalty interest only |
| Trundle | EL 4512 | 0% | Royalty interest only |
| Dunmore and Tomingley | ELs 6473 and 6474 | 90% | RobertsConsulting 10% |
| Bimbella and Eubalong | ELAs 2820 and 2821 | 100% | - |
| QUEENSLAND | | | |
| Horse Creek | EPM 13304 | 100% | - |
| Lilleyvale | EPM 12115 | 100% | - |
| SOUTH AUSTRALIA | | | |
| Mirikata | EL 3537 | 100% | - |
| Callabonna | EL 2886 | 100% | Red Metal can earn 70% |
| Kalabity | EL 3297 | 80% | Eaglehawk 20% |
| Mulyungarie | EL 3478 | 80% | WPG can earn 60%, Eaglehawk 20% |
| Junction Dam | EL 3328 | 80% | Eaglehawk 20% |
| Quinyambie | EL 3197 | 50% | Red Metal can earn 70%, Note 2 |
| Coondambo | EL 3593 | 50% | Marathon Resources 50% |
| Poverty Lake | EL 2948 | 50% | Newcrest can earn 70%, Allender 25% and Hosking 25% |
| Frome | EL 3019 | 50% | Newcrest can earn 70%, Allender 50% |
| Toolgerie | EL 3216 | 80% | Bohoun Resources 20% |
| Wynbring | EL 3234 | 100% | - |
| Black Hill and Yalata | ELs 3281 and 3280 | 80% | Bohoun Resources 20% |

- EL = Exploration Licence
- ELA = Exploration Licence Application
- EPM = Exploration Permit for Minerals

Note 1: Triako 40%, Eaglehawk 12%, Endeavour Minerals 1.5% NSR in 4 units of EL. When Teck has earned 75%, Sipa will have 10%.

Note 2: Dolores Group 50% (Allender, Kennedy, Aurelius Resources, Hosking and Houldsworth).

Note 3: In addition to the interests above WPG (Western Plains Gold Ltd – currently owned 25% by PlatSearch) has a 100% interest in ELs 6342, 6367 and 6530 and ELAs 2749 and 2768 and PlatSearch holds shares and options in WPG.



Your Directors submit their report for the year ended 30 June 2006.

Directors

The following persons hold office as Directors at the date of this report and throughout the financial year. Their qualifications and experience are:

Ray Soper, BSc (Otago), MBA (NSW), MAusIMM, Non-Executive Chairman

Ray Soper is a mining engineer and company director, with over 40 years experience in the mining industry. He has worked with MIM Holdings, Renison Goldfields, McKinsey and Co, Peko-Wallsend Ltd, Lachlan Resources and Resource Finance Corporation in the fields of mining, mineral economics, mining finance, exploration, technology development and related activities. He is a director of King Island Scheelite Limited, Huntley Investment Company Limited and Paradigm Gold Limited.

Bob Richardson, BSc (Sydney), BE (Hons) (Sydney), MAusIMM, MASEG, Managing Director

Bob has 41 years experience in mineral exploration management, geophysics and exploration technology. His career includes 16 years with the Peko-Wallsend Group as Chief Geophysicist and Exploration Manager. He was a founder in 1976 and Managing Director of Austirex Aerial Surveys that became a major international airborne geophysical contractor. He was a co-founder and Managing Director of Lachlan Resources NL in 1986 and PlatSearch in 1987. During the past three years the other listed companies on which he has served as a Director were Western Plains Gold Ltd and Crossland Uranium Mines Limited, where he is currently a non-executive Director.

Robert J Waring, BEc (Sydney), CA, FCIS, ASIA, MAusIMM, FAICD, Executive Director and Company Secretary

Company Secretary since 1990. His experience has been gained over 34 years in financial and corporate roles including 16 years in company secretarial roles for ASX listed companies and 12 years as a Director of an ASX listed company. Robert has had 24 years in industry and prior to that 10 years with an international firm of chartered accountants. He is a Director of Oakhill Hamilton Pty Ltd, a company which provides secretarial and corporate advisory services to a range of listed and unlisted companies.

Directors' Interests in Shares and Options

Directors' interests in shares and options as at 30 June 2006 are set out in Note 17 to the financial statements. There have been no changes in the Directors' interests in shares and options since that date.

Activities

The principal continuing activity of the Company is the exploration for economic base metals, gold and heavy minerals.

Results

The net result of operations after applicable income tax expense was a loss of \$529,090 (2005 - \$456,317) which includes the write-off of exploration expenditure incurred in the current and prior years of \$206,293 (2005 - \$302,591).

Dividends

No dividends were paid or proposed during the year.

Review of Operations

A review of the operations of the Company during the financial year and the results of those operations are contained in pages 3 to 10 in this report.

Corporate Structure

PlatSearch NL is a no liability company that is incorporated and domiciled in Australia.

Employees

The Company had one employee, R L Richardson, as at 30 June 2006 (2005 - one employee). The Company uses contract geologists and other consultants as required.

Significant Changes

The Directors are not aware of any significant changes in the state of affairs of the Company occurring during the financial year, other than as disclosed in this report.



Matters Subsequent to the End of the Financial Year

There were at the date of this report no matters or circumstances which have arisen since 30 June 2006 that have significantly affected or may significantly affect:

- i) the operations of the Company,
- ii) the results of those operations, or
- iii) the state of affairs of the Company,

in the financial year subsequent to 30 June 2006, other than the proposed Western Plains Gold Ltd share issues which will significantly dilute PlatSearch's equity in WPG from 24.8% to approximately 10%. On 26 September 2006 PlatSearch announced the placement of 8,750,000 shares at price of \$0.12 per share to Minotaur Exploration Ltd which will raise a total of \$1,050,000. The shares are partly paid to \$0.04 per share and a further \$0.04 is due and payable on or before each of 30 June 2007 and 30 June 2008. The first instalment of \$350,000 was received on 29 September 2006. The placement of partly paid shares to Minotaur is part of a strategic alliance with that company which will provide Minotaur with a preferred right to farm-in to projects generated by PlatSearch in Eastern Australia (refer to Note 24).

Likely Developments and Expected Results

As the Company's areas of interest are at an early stage of exploration, it is not possible to postulate likely developments and any expected results. The Company is hoping to identify other precious and base metal exploration and evaluation targets.

REMUNERATION REPORT

Remuneration of the Board and Senior Management

The Board, on advice from the remuneration committee (Messrs Soper and Richardson), determine the fees for Non-Executive Directors and remuneration packages for employees and consultants. The fees for Directors are disclosed below. The Committee seeks independent external advice and market comparisons as necessary but Directors believe that the size of the Company makes individual salary and consultant rate negotiation more appropriate than formal remuneration policies. Remuneration levels, including participation in the Company's Share Option Scheme, are set to provide reasonable compensation in line with the Company's financial resources.

Directors are encouraged by the Board to hold shares in the Company and their holdings are as follows:

| | R L Richardson | R J Soper | R J Waring | Total |
|-------------------------------------|----------------|-----------|------------|-----------|
| Fully Paid Ordinary Shares | | | | |
| at 30 June 2005 | 1,514,590 | 1,612,501 | 416,295 | 3,543,386 |
| changes during year | 171,430 | 171,430 | 11,430 | 354,290 |
| at 30 June 2006 | 1,686,020 | 1,783,931 | 427,725 | 3,897,676 |
| Employee Share Option Scheme | | | | |
| 2006 Options | | | | |
| at 30 June 2005 | 250,000 | 40,000 | 240,000 | 530,000 |
| at 30 June 2006 | 250,000 | 40,000 | 240,000 | 530,000 |
| 2009 Options | | | | |
| at 30 June 2005 | 1,600,000 | 400,000 | 1,150,000 | 3,150,000 |
| at 30 June 2006 | 1,600,000 | 400,000 | 1,150,000 | 3,150,000 |

Mr Richardson is the only Executive Director who is an employee and his employment contract took effect on 1 July 2004. The contract set out base rates and that one month's notice is required for termination. There are no contracts in place which provide for any variable remuneration, including bonuses or commissions from the Company. Mr Waring provides consulting management, accounting and company secretarial services through Warinco Services Pty Limited.

- (a) Directors' remuneration

The following table outlines the nature and amount of the elements of the remuneration of specified Directors of the Company for the year ended 30 June 2006.



| | Salary | Directors Fees | Consulting Fees | Superannuation Contributions | Options | Total |
|----------------|------------------|-----------------------|------------------------|-------------------------------------|-----------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| 2006 | | | | | | |
| R L Richardson | 114,306 | - | - | 44,480 | - | 158,786 |
| R J Soper | - | 6,300 | - | - | - | 6,300 |
| R J Waring | - | - | 52,420 | - | - | 52,420 |
| | \$114,306 | \$6,300 | \$52,420 | \$44,480 | - | \$217,506 |
| 2005 | | | | | | |
| R L Richardson | 126,876 | - | - | 31,720 | 38,896 | 197,492 |
| R J Soper | - | 6,300 | - | - | 9,725 | 16,025 |
| R G Tweedie | - | 4,725 | - | - | 5,590 | 10,315 |
| R J Waring | - | - | 79,917 | - | 27,957 | 107,874 |
| | \$126,876 | \$11,025 | \$79,917 | \$31,720 | \$82,168 | \$331,706 |

(b) Key Management Personnel remuneration, shares and options

Other than Directors, there are no other officers who satisfy the definition of "Key Management Personnel" who are or were involved in, concerned with, or who take part in, the management of the affairs of PlatSearch.

Key management personnel

The Company's key management personnel are listed above; under the definition set out in AASB 124 *Related Party Disclosures*, the Company has no executives other than those included in the above list of Directors who are responsible for the strategic direction and operational management of the Company. In addition to the specified Directors, the Company has no employees. Field and administrative work is carried out by contractors, and they have no responsibility for the strategic decision-making of the Company.

The Company has established a Share Option Scheme for the benefit of Directors, officers, senior executives and consultants, details of which are set out below.

There is no retirement scheme for Non-Executive Directors.

Directors' Benefits, Emoluments and Share Options

During its annual budget review the Board reviews the Directors' Emoluments. Remuneration levels, including participation in the Company's Share Option Scheme, are set to provide reasonable compensation in line with the Company's limited financial resources. During the year no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in Notes 16 and 17 of the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The emoluments of each Director for the year were as follows:

R J Soper – Director's fee \$6,300

R L Richardson – salary \$114,306 and superannuation \$44,480

R J Waring – associated company consulting \$52,420

Options granted to Directors in the current year are set out in Note 17 of the financial statements. Options granted to Directors in the current and previous years have an exercise price significantly higher than the market price of the shares at the date of grant. The PlatSearch share price at the date of grant of options on 24 November 2004 was 10 cents. The option exercise price is 25 cents.

Particulars of options granted over unissued shares:

- i) There were no shares issued during the year ended 30 June 2006 by virtue of the exercise of options (2005 – nil).
- ii) As at the end of the financial year and at the date of this report, the Company had on issue:



570,000 options over unissued shares exercisable by 30 November 2006 at 25 cents per share and 3,380,000 options over unissued shares exercisable by 24 November 2009 at 25 cents per share under the Company's Employee Share Option Scheme. All options were vested as at 24 May 2005. The Directors have reviewed the value of these options using the Black and Scholes option valuation methodology. Using this methodology the \$0.25 options are valued at 2.4 cents and after using the key assumptions of a risk free rate of 5.5%; an exercise price of 25 cents; a share price of 8 cents, being the last traded price of the shares of the Company on ASX at the date the options were issued and a volatility of 75%. Accordingly the total value of the 3,450,000 \$0.25 options granted in November 2004 as included in the remuneration of Directors, employees and consultants in the 2005 financial year was \$82,168 (made up of R L Richardson 1,600,000 options valued at \$38,896, R J Waring 1,150,000 options valued at \$27,957, R J Soper 400,000 options valued at \$9,725 and R G Tweedie 300,000 options valued at \$5,590). No options were granted during the 2006 financial year or since the end of the financial year and Mr Tweedie's options have expired prior to vesting following his resignation.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company until the options are exercised. These options vest six months after the issue date and do not have performance conditions attached.

Due to the difficulty in the measurement of performance using quantitative indicators in the mineral exploration industry, there is no formal link between assessment of performance and remuneration levels.

Meetings of Directors

During the year the Company's Directors held seven Board meetings. Messrs R J Soper and R J Waring were in attendance at all of the meetings, Mr R L Richardson attended six meetings.

Directors Messrs R J Soper and R L Richardson are members of the Company's Audit Committee. The Committee reviews the Company's financial systems, accounting policies, half-year and annual financial statements. There were two Audit Committee meetings during the year. Messrs Soper and Richardson met with the Company's auditors twice during the year as part of the Audit Committee review function.

Indemnification and Insurance of Directors and Officers

The Company has not, either during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Environmental Performance

PlatSearch holds exploration licences issued by the Mines Departments of various state governments which specify guidelines for environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with the various Mines Departments' guidelines and standards. There have been no significant known breaches of the licence conditions.

Auditor's Independence and Non-Audit Services

No non-audit services were provided by the Company's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors received a declaration of independence from the auditors of PlatSearch NL. It is located on page 42 and forms part of this report.

Signed at Sydney this 29th day of September 2006 in accordance with a resolution of the Directors.

R L RICHARDSON
Managing Director



INCOME STATEMENT

year ended 30 June 2006

| | Note | 2006 | 2005 |
|---|------|------------------|-----------|
| | | \$ | \$ |
| REVENUE | 3 | 64,393 | 290,467 |
| Salaries and employee benefits expense | | (166,666) | (170,108) |
| Salaries and on costs recharged to exploration projects | | 117,156 | 171,000 |
| Depreciation expense | 10 | (2,388) | (2,823) |
| Directors' fees | 16 | (6,300) | (11,025) |
| Exploration expenditure written-off | 11 | (206,293) | (302,591) |
| Operating lease rental expense | | (33,676) | (30,600) |
| Auditors' remuneration | 5 | (20,691) | (17,313) |
| ASX and ASIC fees | | (15,561) | (16,909) |
| Share registry costs | | (15,135) | (9,023) |
| Contract administration services | | (75,331) | (114,855) |
| Share-based compensation | | - | (82,168) |
| Other expenses from ordinary activities | | (65,182) | (47,729) |
| Share of net losses of associate accounting for the equity method | 8 | (103,416) | (112,640) |
| (LOSS) BEFORE INCOME TAX | | (529,090) | (456,317) |
| INCOME TAX EXPENSE | 4 | - | - |
| (LOSS) AFTER TAX | | (529,090) | (456,317) |
| NET (LOSS) ATTRIBUTABLE TO MEMBERS OF PLATSEARCH NL | | (529,090) | (456,317) |
| Earnings per share | | | |
| Basic loss per share (cents per share) | 15 | 0.8 | 0.7 |
| Diluted loss per share (cents per share) | 15 | 0.8 | 0.7 |

BALANCE SHEET

as at 30 June 2006



| | Note | 2006 \$ | 2005 \$ |
|---|------|--------------------|------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 6 | 211,577 | 135,548 |
| Receivables | 7 | 9,863 | 108,336 |
| TOTAL CURRENT ASSETS | | 221,440 | 243,884 |
| NON-CURRENT ASSETS | | | |
| Investments accounted for using the equity method | 8 | 592,205 | 237,360 |
| Tenement security deposits | 9 | 110,500 | 123,000 |
| Plant and equipment | 10 | 1,738 | 2,576 |
| Deferred exploration and evaluation expenditure | 11 | 352,249 | 406,046 |
| TOTAL NON-CURRENT ASSETS | | 1,056,692 | 768,982 |
| TOTAL ASSETS | | 1,278,132 | 1,012,866 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 48,341 | 52,329 |
| TOTAL CURRENT LIABILITIES | | 48,341 | 52,329 |
| TOTAL LIABILITIES | | 48,341 | 52,329 |
| NET ASSETS | | \$1,229,791 | 960,537 |
| EQUITY | | | |
| Issued capital | 13 | 7,676,546 | 7,354,463 |
| Reserves | 14 | 558,429 | 82,168 |
| Accumulated losses | | (7,005,184) | (6,476,094) |
| TOTAL EQUITY | | \$1,229,791 | \$960,537 |



CASH FLOW STATEMENT

for the year ended 30 June 2006

| | Note | 2006 \$ | 2005 \$ |
|--|------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payment to suppliers and employees | | (273,835) | (250,059) |
| Consultancy fees | | 35,944 | - |
| Rental income | | 14,660 | - |
| Exploration joint venture fees received | | - | 1,785 |
| Interest received | | 13,789 | 19,518 |
| NET CASH FLOWS (USED IN) OPERATING ACTIVITIES | 25 | (209,442) | (228,756) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of plant and equipment | | (1,550) | (2,413) |
| Purchase of shares in associated company | | - | (80,000) |
| Advance (paid to)/repaid by to associated company | | 100,304 | (100,304) |
| Exploration on behalf of joint venturers | | - | (21,597) |
| Expenditure on mining interests (exploration) | | (147,866) | (335,279) |
| Tenement security deposits received/(paid) | | 12,500 | 35,000 |
| NET CASH FLOWS (USED IN) INVESTING ACTIVITIES | | (36,612) | (504,593) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | | 322,083 | 474,400 |
| Payment of share issue costs | | - | (13,720) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | 322,083 | 460,680 |
| NET INCREASE/(DECREASE) IN CASH HELD | | 76,029 | (272,669) |
| Cash at beginning of period | | 135,548 | 408,217 |
| CASH AT END OF PERIOD | 25 | \$211,577 | \$135,548 |

STATEMENT OF CHANGES IN EQUITY

year ended 30 June 2006



| | Attributable to the shareholders of PlatSearch NL | | | |
|--|---|-----------------------------|------------------|-----------------------|
| | Issued Capital \$ | Accumulated Losses \$ | Reserves \$ | Total Equity \$ |
| AT 1 JULY 2004 | 6,893,783 | (6,019,777) | - | 874,006 |
| Loss for the period | - | (456,317) | - | (456,317) |
| Share issue costs recognised directly in Equity | (13,720) | - | - | (13,720) |
| Total income and expense for the year recognised directly in equity | (13,720) | (456,317) | - | (470,037) |
| Cost of share-based payments taken directly to Equity | - | - | 82,168 | 82,168 |
| Issue of share capital | 474,400 | - | - | 474,400 |
| AT 30 JUNE 2005 | 7,354,463 | (6,476,094) | 82,168 | 960,537 |
| AT 1 JULY 2005 | 7,354,463 | (6,476,094) | 82,168 | 960,537 |
| Change in interest in associate arising from share issue by associate | - | - | 476,261 | 476,261 |
| Loss for the period | - | (529,090) | - | (529,090) |
| Total income and expense for the year recognised directly in equity | - | (529,090) | 476,261 | (52,829) |
| Issue of share capital | 322,083 | - | - | 322,083 |
| AT 30 JUNE 2006 | \$7,676,546 | \$(7,005,184) | \$558,429 | \$1,229,791 |



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. It has been prepared on a historical cost basis.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards ("IFRS").

This is the first financial report prepared based on AIFRS, and comparatives for the year ended 30 June 2005 have been restated accordingly. Reconciliations of AIFRS adjustments affecting equity at 1 July 2004 and 30 June 2005 and profit for the year ended 30 June 2005 to the balances reported in the 30 June 2005 financial report and at transition to AIFRS are detailed in Note 26.

(c) Going Concern

The Company has incurred an operating loss after income tax of \$529,090 (2005 - \$456,317) for the year ended 30 June 2006. The financial statements have been prepared on a going concern basis. The Company's ability to continue as a going concern and meet its debts as and when they fall due is dependent upon the Company being able to obtain additional funding to support future long term exploration, evaluation and development of its properties. The Company has previously relied upon equity funding to support its exploration activities and presently intends to continue capital raising in the subsequent financial year to maintain those activities. In the Directors' opinion, there are reasonable grounds to believe that such funding will continue to be available. However, if the Company is unable to obtain such funding, it may be required to vary future exploration, evaluation and development programmes, to realise assets and extinguish liabilities and commitments other than in the normal course of business and at amounts which are different to those which are currently stated in the accounts and may be unable to continue as a going concern.

No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

(d) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, namely plant and equipment – depreciated over three years (2005 – 3 years).

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An item of plant and equipment is derecognised upon disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(e) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(f) Interest in jointly controlled operations – joint ventures

The Company has an interest in exploration joint ventures that are jointly controlled. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Company recognises its interest in the jointly controlled operations by recognising the assets that it controls and the liabilities that it incurs. The Company also recognises the expenses

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006



that it incurs and its share of any income that it earns from the sale of goods or services by the jointly controlled operations.

(g) Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use.

(h) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date, being the date that the Company commits to purchase the asset.

Investments accounted for using the equity method

Investments in associates are carried at the lower of the equity-accounted amount and recoverable amount.

(i) Exploration, evaluation, development and restoration costs

Exploration and evaluation

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

Exploration and evaluation - impairment

The Company assesses at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation cost whether the above carry forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made in the Income Statement when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis.

Provisions are made where farm-in partners are sought and there is a possibility that carried-forward expenditures may have to be written off in the future if a farm-in partner is not found. In the event that farm-in agreements are reached or the Company undertakes further exploration in its own right on those properties, the provisions would be reviewed and if appropriate, written back.

Development

Development expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the Directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

Restoration

Provisions for restoration costs are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(j) Trade and other receivables

Trade receivables, which generally have a 30 day term, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

(k) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, if any.

(l) Trade and other payables and provisions

Trade payables and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006



Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Employee entitlements

(i) *Wages, salaries, annual leave, sick leave and long service leave*

Liabilities for wages and salaries are recognised and are measured as an amount unpaid at the reporting date at current pay rates in respect of employee's services up to that date. Current employee contracts do not entitle them to annual leave, sick leave or long service leave. A liability in respect of superannuation at the current superannuation guarantee rate has been accrued at the reporting date.

(ii) *Superannuation*

The Company contributes to defined contribution superannuation funds for its only employee. The cost of these contributions is expensed as incurred.

(n) Share-based payment transactions

In addition to salaries, the Company provides benefits to certain employees (including Directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

There is currently an Employee Share Option Plan in place to provide these benefits.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of the options is determined by using the Black and Scholes option pricing model.

In valuing transactions settled by way of issue of options, no account is taken of any vesting limits or hurdles, or the fact that the options are not transferable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised is recognised immediately. However, if a new award is substituted for the cancelled



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for the year ended 30 June 2006

award and designated a replacement award on the date it is granted, the cancelled an new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share except where such dilution would serve to reduce a loss per share.

(o) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(p) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Rendering of services

Revenue from consulting services are recognised when provided.

Interest

Revenue is recognised as the interest accrues.

Royalties

Royalties are recognised in accordance with substance of the relevant agreement.

(q) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006



Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(r) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financial activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Currency

The functional and presentation currency for the Company is Australian dollars (\$).

(t) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

(u) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period is:

Share-based payment transactions

The Company measure the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted, as detailed in Note 13 and 16.

(v) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

- costs of servicing equity;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

2. CORPORATE INFORMATION

The financial report of the Company for the year ended 30 June 2006 was authorised for issue in accordance with a resolution of the Directors on 29 September 2006.

PlatSearch NL is a company limited by shares and incorporated in Australia. Its shares are publicly traded on the Australian Stock Exchange under the ASX Code PTS.

The nature of the operations and principal activities of the Company are described in Note 19.

3. REVENUE

| | 2006 \$ | 2005 \$ |
|--|-----------------|------------------|
| Interest received – other persons/corporations | 13,789 | 19,518 |
| Joint venture operator's fee | - | 949 |
| Consulting fees | 35,944 | 110,000 |
| Sale of tenements | - | 160,000 |
| Rental income | 14,660 | - |
| | \$64,393 | \$290,467 |

4. INCOME TAX

| | | |
|---|-----------|-----------|
| Prima facie income tax (credit) on operating (loss) at 30% | (153,328) | (113,106) |
| Future income tax benefit in respect of timing differences – not recognised | 153,328 | 113,106 |
| Income tax expense | - | - |

No provision for income tax is required in respect of the Company for the year ended 30 June 2006.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006



The Company has a deferred income tax liability of \$105,675 (2005 - \$121,814) associated with exploration costs deferred for accounting purposes but expensed for tax purposes. This liability has been brought to account and offset by deferred tax assets attributed to available tax losses.

No recognition has been given to any deferred income tax asset which may arise from the available tax losses, except to the extent offset against deferred tax liabilities. The Company has estimated its tax losses at \$6,887,000 (2005 - \$6,376,000).

The benefit of 30% of approximately \$2,025,000 (2005 - \$1,912,800) associated with the tax losses will only be obtained if:

- The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised,
- The Company continues to comply with the conditions for deductibility imposed by the law, and
- No changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

No franking credits are available for subsequent years.

| | 2006 \$ | 2005 \$ |
|---|-----------------|-----------------|
| 5. AUDITORS' REMUNERATION | | |
| Amounts received or due and receivable by Ernst & Young Australia, for: | | |
| Audit or review of the financial report of the entity | <u>\$20,691</u> | <u>\$17,313</u> |

6. CASH AND CASH EQUIVALENTS

| | | |
|--|------------------|------------------|
| Cash on hand and at bank | 49,820 | 85,548 |
| Money market securities – 30 day bank deposits | <u>161,757</u> | <u>50,000</u> |
| Refer Note 25 | <u>\$211,577</u> | <u>\$135,548</u> |

7. RECEIVABLES - CURRENT

| | | |
|---|----------------|------------------|
| Amount receivable from associated company * | 1,189 | 100,304 |
| Other receivables ** | <u>8,674</u> | <u>8,032</u> |
| | <u>\$9,863</u> | <u>\$108,336</u> |

* Trade receivables are non-interest bearing and are generally on 30 day terms.

** Refundable deposit and GST.

8. NON-CURRENT ASSETS

| | | |
|--|------------------|------------------|
| Investment accounted for using the equity method | <u>\$592,205</u> | <u>\$237,360</u> |
|--|------------------|------------------|

In the period October to November 2004 the Company acquired 6,750,000 shares and 4,850,000 options in Western Plains Gold Ltd (WPG) for \$350,000 (made up of a cash investment of \$80,000, consideration for the sale of the Trundle and Redan tenements \$160,000 and consulting fees of \$110,000). This equity purchase was part of a capital raising programme by WPG which culminated in WPG issuing a prospectus, issuing 13,959,000 new shares and trading on ASX in August 2005. At completion of the WPG share offer in August 2005 and at 30 June 2006, PlatSearch had a 24.8% interest in WPG.

The Company's interest in WPG has been brought to account as an investment in an equity accounted associate in accordance with Australian Accounting Standard AASB 128 *Investments in Associates* as the Directors consider that significant influence exists.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

| Interest in Associate Name | Balance Date | Ownership interest held | |
|--|--------------|-------------------------|--------------------|
| | | 2006 % | 2005 % |
| Western Plains Gold Ltd – ordinary shares | 30 June | 25 | 58 |
| (i) Principal activity WPG is an Australian minerals explorer | | | |
| | | 2006 \$ | 2005 \$ |
| (ii) Share of associate's profits/(losses) | | | |
| Share of associate's: | | | |
| - net loss before income tax | | (103,416) | (48,840) |
| - income tax expense attributable to net profit | | - | - |
| Share of net profits after income tax | | (103,416) | (48,840) |
| Adjusted for: | | | |
| - unrealised intercompany profits | | - | (63,800) |
| Share of associate's net profits/(losses) | | \$(103,416) | \$(112,640) |
| The Company's share in any retained profits or reserves of the associated company are not available to PlatSearch until such time as those profits and reserves are distributed by the associated company. | | | |
| (iii) Carrying amount of investment in associate | | | |
| Balance at the beginning of the financial period | | 237,360 | - |
| - cost of investment | | - | 350,000 |
| - disposal of investment | | (18,000) | - |
| - share of associate's net losses for the financial period | | (103,416) | (48,840) |
| - unrealised intercompany profits | | - | (63,800) |
| - change in interest in associate arising from share issue by associate | | 476,261 | - |
| Carrying amount of investment in associate at the end of the financial period | | \$592,205 | \$237,360 |
| (iv) Share of associate's assets and liabilities | | | |
| Current assets | | 282,125 | 482,641 |
| Non-current assets | | 327,553 | 232,760 |
| Current liabilities | | (2,870) | (463,437) |
| Net assets | | \$606,808 | \$251,964 |
| (v) Accumulated losses of the Company attributable to associate | | | |
| Balance at the beginning of the financial period | | (112,640) | - |
| Share of associate's net losses | | (103,416) | (112,640) |
| Balance at the end of the financial period | | \$(216,056) | \$(112,640) |
| (vi) The market value on ASX of PlatSearch's shares in WPG at 30 June 2006 was \$1,079,500. | | | |

9. TENEMENT SECURITY DEPOSITS

| | | |
|--|------------------|------------------|
| Cash at bank – bank deposits | 40,000 | 100,000 |
| Cash with government mines departments | 70,500 | 23,000 |
| | \$110,500 | \$123,000 |

These deposits are restricted so that they are available for any rehabilitation that may be required on exploration tenements (refer to Note 20). The bank deposits are interest earning.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006



| | 2006 \$ | 2005 \$ |
|--------------------------------|-----------------|-----------------|
| 10. PLANT AND EQUIPMENT | | |
| Plant and equipment – at cost | 57,561 | 56,011 |
| Accumulated depreciation | (55,823) | (53,435) |
| | \$1,738 | \$2,576 |

Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current and previous financial year

| | | |
|------------------------------|----------------|----------------|
| Carrying amount at beginning | 2,576 | 2,986 |
| Additions | 1,550 | 2,413 |
| Disposals | - | - |
| Depreciation expense | (2,388) | (2,823) |
| | \$1,738 | \$2,576 |

11. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

| | | |
|-------------------------------------|------------------|------------------|
| Costs brought forward | 406,046 | 369,558 |
| Costs incurred during the year | 152,496 | 339,079 |
| Expenditure written off during year | (206,293) | (302,591) |
| Costs carried forward | \$352,249 | \$406,046 |

Exploration expenditure costs carried forward are made up of:

| | | |
|--|----------------|----------------|
| Expenditure on joint venture areas | 243,300 | 215,948 |
| Expenditure on non joint venture areas | 108,949 | 190,098 |

| | | |
|-----------------------|------------------|------------------|
| Costs carried forward | \$352,249 | \$406,046 |
|-----------------------|------------------|------------------|

The above amounts represent costs of areas of interest carried forward as an asset in accordance with the accounting policy set out in Note 1. The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

12. CURRENT LIABILITIES – PAYABLES

| | | |
|---|-----------------|-----------------|
| Trade creditors * | 37,178 | 42,875 |
| Employee entitlements – accrued salaries and superannuation | 11,163 | 9,454 |
| | \$48,341 | \$52,329 |

* Trade payables are non-interest bearing and are generally settled on 30 day terms.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

| | 2006 \$ | 2005 \$ |
|---|--------------------|--------------------|
| 13. ISSUED CAPITAL | | |
| Share capital | | |
| 70,768,059 ordinary shares fully paid (2005 – 66,166,879) | 7,672,046 | 7,349,963 |
| 450,000 ordinary shares paid to one cent with 24 cents unpaid (2005 – 450,000) | 4,500 | 4,500 |
| | \$7,676,546 | \$7,354,463 |

| Movements in ordinary share capital | Date | Number of shares | Issue price | \$ |
|---|----------|---------------------|----------------|-------------|
| Opening balance previous financial year | 30/06/04 | 59,969,022 | | \$6,893,783 |
| Placement | 22/10/04 | 2,142,857 | \$0.07 | 150,000 |
| Placement | 14/03/05 | 4,055,000 | \$0.08 | 324,400 |
| Less: Transaction costs arising on share issues | | - | | (13,720) |
| Balance at end of previous financial year | 30/06/05 | 66,166,879 | | \$7,354,463 |
| Share purchase plan | 23/01/06 | 4,601,180 | \$0.07 | 322,083 |
| Balance at end of current financial year | 30/06/06 | 70,768,059 | | \$7,676,546 |

Shares issued during the year

In January 2006 the Company completed a share purchase plan of 4,601,180 ordinary shares at 7 cents to raise \$322,083.

Terms and conditions of contributed equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

In respect to members who hold shares which are paid to one cent, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. The shares were issued under the Platinum Search Share Incentive Plan, which was replaced by the PlatSearch Employee Share Option Scheme on 25 November 1993. The unpaid portion can be called by the Directors at any time, subject to the rules of the Plan. Option holders have no voting rights until the options are exercised.

Options

There are 3,950,000 options outstanding under the Company's Employee Share Option Scheme. There are 570,000 options which expire on 30 November 2006, which are exercisable at 25 cents. There were 3,380,000 options issued in December 2004 which expire on 24 November 2009, which are exercisable at 25 cents. Options expire if not exercised 90 days after a participant resigns from the Company. The Scheme is open to employees, consultants, contractors and Directors of PlatSearch.

The Directors have reviewed the value of these options using the Black and Scholes option valuation methodology for options issued in November 2004. Using this methodology the \$0.25 options are valued at 2.4 cents and after using the key assumptions of a risk free rate of 5.5%; an exercise price of 25 cents; a share price of 8 cents, being the last traded price of the shares of the Company on ASX at the date the options were issued and a volatility of 75%. Accordingly the total value of the \$0.25 options granted in November 2004 as included in the 2004-05 financial year share-based compensation expense and reserve was \$82,168. No options were granted during the 2005-06 financial year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006



| | 2006 \$ | 2005 \$ |
|----------------------------------|------------------|-----------------|
| 14. RESERVES | | |
| Share-based compensation reserve | 82,168 | 82,168 |
| Interest in associated company | 476,261 | - |
| | \$558,429 | \$82,168 |

The share-based compensation reserve represents a valuation of the options issued in November 2004, as detailed in Note 13.

The interest in associated company reserve is detailed in Note 8.

15. LOSS PER SHARE

Basic loss per share (cents per share) 0.8 cents (2005 – 0.7 cents).

Diluted loss per share (cents per share) 0.8 cents (2005 – 0.7 cents).

Weighted average number of ordinary shares on issue used in the calculation of basic and diluted loss per share is 68,176,623 (2005 – 62,895,272).

| | | |
|---|------------------|------------------|
| Loss used in calculating basic and diluted loss per share | \$529,090 | \$456,317 |
|---|------------------|------------------|

The number of potential ordinary shares that are not dilutive, by reason of the loss result, and not included in determining diluted EPS are 3,950,000.

Conversion, call, subscription or issue after 30 June 2006: Since the end of the financial year there have been no other conversions to, call of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of these financial statements.

16. REMUNERATION AND RETIREMENT BENEFITS

(a) Directors' remuneration

The following table outlines the nature and amount of the elements of the remuneration of specified Directors of the Company for the year ended 30 June 2006.

| | Salary \$ | Directors Fees \$ | Consulting Fees \$ | Superannuation Contributions \$ | Options \$ | Total \$ |
|----------------|------------------|-------------------------|--------------------------|---------------------------------------|-----------------|------------------|
| 2006 | | | | | | |
| R L Richardson | 114,306 | - | - | 44,480 | - | 158,786 |
| R J Soper | - | 6,300 | - | - | - | 6,300 |
| R J Waring | - | - | 52,420 | - | - | 52,420 |
| | \$114,306 | \$6,300 | \$52,420 | \$44,480 | - | \$217,506 |
| 2005 | | | | | | |
| R L Richardson | 126,876 | - | - | 31,720 | 38,896 | 197,492 |
| R J Soper | - | 6,300 | - | - | 9,725 | 16,025 |
| R G Tweedie | - | 4,725 | - | - | 5,590 | 10,315 |
| R J Waring | - | - | 79,917 | - | 27,957 | 107,874 |
| | \$126,876 | \$11,025 | \$79,917 | \$31,720 | \$82,168 | \$331,706 |

Directors' interests in shares and options in the Company are set out in Note 17.

(b) Key Management Personnel remuneration, shares and options

Other than Directors, there are no other officers who satisfy the definition of "Key Management Personnel" who are or were involved in, concerned with, or who take part in, the management of the affairs of PlatSearch.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

Key management personnel

The Company's key management personnel are listed above; under the definition contained in AASB 124 *Related Party Disclosures*, the Company has no executives other than those included in the above list of Directors who are responsible for the strategic direction and operational management of the Company. In addition to the specified Directors, the Company has no employees. Field and administrative work is carried out by contractors, and they have no responsibility for the strategic decision-making of the Company.

Remuneration report

The remuneration report is included in the Directors' Report.

17. RELATED PARTY DISCLOSURES

The Directors in office during the year were R L Richardson, R J Soper and R J Waring.

Interests and movements in the shares and options of the Company held by Directors and their Director-related entities as at 30 June 2006:

| | R L Richardson | R J Soper | R J Waring | Total |
|-------------------------------------|----------------|-----------|------------|-----------|
| Fully Paid Ordinary Shares | | | | |
| at 30 June 2005 | 1,514,590 | 1,612,501 | 416,295 | 3,543,386 |
| changes during year | 171,430 | 171,430 | 11,430 | 354,290 |
| at 30 June 2006 | 1,686,020 | 1,783,931 | 427,725 | 3,897,676 |
| Employee Share Option Scheme | | | | |
| 2006 Options | | | | |
| at 30 June 2005 | 250,000 | 40,000 | 240,000 | 530,000 |
| at 30 June 2006 | 250,000 | 40,000 | 240,000 | 530,000 |
| 2009 Options | | | | |
| at 30 June 2005 | 1,600,000 | 400,000 | 1,150,000 | 3,150,000 |
| at 30 June 2006 | 1,600,000 | 400,000 | 1,150,000 | 3,150,000 |

Options held under the Employee Share Option Scheme may be exercised on the expiration of six months from the date the option is granted. Shares and options held by Directors included those held by the Directors and their Director-related entities, including the spouses of such Directors and relatives of such Directors. All shares and options, excluding those under Employee Share Option Scheme, were issued or granted on terms no more favourable than to other shareholders or option holders.

Mr R J Waring is a Director and has a significant financial interest in Warinco Services Pty Limited, a company that provides company secretarial, general commercial and accounting services to the Company. Services provided during the year ended 30 June 2006 amounted to \$75,331 (2005 - \$114,855) and included services provided by Mr R J Waring of \$52,420 (2005 - \$79,917). The \$52,420 (2005 - \$79,917) is included in the remuneration of Directors in Note 16.

During the year the Company provided technical and administrative support services to its 25% owned associated company, Western Plains Gold. Services provided amounted to \$50,463 (2005 - \$110,000) and includes consulting, use of office space and office services.

Services provided by Director-related entities were under normal commercial terms and conditions. There are no service agreements and hence no liabilities will arise from termination of such agreements. No other benefits have been received or are receivable by Directors, other than those already disclosed in the notes to the accounts.

18. JOINT VENTURES

The Company is a party to a number of exploration joint venture agreements to explore for copper, gold, zinc, lead and heavy minerals. Under the terms of the agreements the Company will be required to contribute towards the exploration and other costs if it wishes to maintain or increase its percentage holdings. The joint ventures are not separate legal entities. There are contractual arrangements between the participants for sharing costs and future revenues in the event

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006



of exploration success. There are no assets and liabilities attributable to PlatSearch at balance date resulting from these joint ventures, other than exploration expenditure costs carried forward as detailed in Note 11.

Percentage equity interests in joint ventures at 30 June 2006 were as follows:

| | Percentage Interest 2006 | Percentage Interest 2005 |
|---|-----------------------------|-----------------------------|
| New South Wales | | |
| <i>Broken Hill - Base Metals, Gold and Mineral Sands</i> | | |
| Euriowie, Hollis Tank, Hillston, Yanco Glen, Ziggys and Lindsays Creek | 80% | 80% |
| Stephens-Centennial – diluting to 14.4% | 48% | 48% |
| Cymbric Vale | 50% | 50% |
| <i>Woodlawn – Base Metals</i> | | |
| Woodlawn South | 20% | 20% |
| South Australia – Base Metals and Gold | | |
| Kalabity and Toolgerie | 80% | 80% |
| Callabonna – diluting to 30% | 100% | 100% |
| Quinyambie – diluting to 15% | 50% | 50% |
| Frome and Poverty Lake – diluting to 15% | 50% | 50% |
| Coondambo – diluting to 40% | 50% | 50% |
| Mulyungarie – diluting to 32% | 80% | 80% |
| Wynbring – diluting to 40% | 100% | 100% |

19. FINANCIAL REPORT BY SEGMENT

The Company operates predominantly in the one business and in one geographical area, namely Australian mineral exploration and evaluation.

20. CONTINGENT LIABILITIES

The Company's bankers have provided guarantees totalling \$40,000 (2005 - \$100,000) in respect of mining tenements and the guarantees are secured against short term deposits of these amounts. Additional guarantees of \$70,500 (2005 - \$23,000) in respect of mining tenements is secured against deposits with the NSW Department of Primary Industries and Mineral Resources, the Queensland Department of Mines and the Victorian Department of Energy and Minerals. The Company does not expect to incur any material liability in respect of the guarantees.

21. EMPLOYEE ENTITLEMENTS

The aggregate employee entitlement liability is set out in Note 12 and is calculated in accordance with the accounting policy set out in Note 1. An employee share option scheme has been established where selected officers and employees of the Company are issued with options over ordinary shares in PlatSearch NL. The options, issued for nil consideration, are issued in accordance with a performance review by the Directors. The options cannot be transferred and will not be quoted on the ASX. There are currently five option holders under the scheme holding 3,950,000 options, of which no options were issued during the current or previous year, as detailed in Note 13. No options have been exercised up to 30 June 2006 and accordingly, no amount has been received or is due and receivable from holders of options. The option exercise price is 25 cents and the market value of ordinary PlatSearch NL shares closed at 7.4 cents on 30 June 2006.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

22. FINANCIAL INSTRUMENTS

Interest rate risk exposure

At balance date, the Company was exposed to a floating weighted average interest rate as follows:

| | 2006 | 2005 |
|--|-----------|-----------|
| Weighted average rate of cash balances | 4.87% | 4.68% |
| Cash balances | \$49,820 | \$85,548 |
| Weighted average rate of money market securities | 5.81% | 5.51% |
| Money market securities – bank deposits | \$161,757 | \$50,000 |
| Weighted average rate of cash at bank – term deposits (non-current assets) | 2.10% | 4.78% |
| Cash at bank – term deposits (non-current assets) | \$110,500 | \$123,000 |

Bank negotiable certificates of deposit are normally invested for 30 days and other cash at bank balances are at call. All other financial assets and liabilities are non-interest bearing.

Net fair value of financial assets and liabilities, on balance sheet and credit risk

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Company approximates their carrying value. Credit risk is minimal at balance date.

| | 2006 \$ | 2005 \$ |
|--|------------|------------|
|--|------------|------------|

23. COMMITMENTS

Lease commitments

The Company has obligations under the terms of an operating lease agreement for its office premises as follows:

| | | |
|---|-----------------|-----------------|
| Payable not later than one year | 33,600 | 33,600 |
| Payable later than one year and not later than five years | 19,600 | 47,600 |
| | <u>\$53,200</u> | <u>\$81,200</u> |

The Company's lease of its office premises is for a three year period expiring on 26 January 2008.

Exploration licence expenditure requirements

In order to maintain the Company's tenements in good standing with the various mines departments, the Company will be required to incur exploration expenditure under the terms of each licence. These expenditure requirements will diminish as the Company joint ventures projects to third parties. It is the Company's exploration strategy to farm-out to larger companies to fund drilling programmes. In addition, the Company has commitments to expend funds towards earning or retaining an interest under joint venture agreements.

| | | |
|--|------------------|--------------------|
| Payable not later than one year | 545,439 | 981,201 |
| Payable later than one year but not later than two years | 155,542 | 259,250 |
| | <u>\$700,981</u> | <u>\$1,240,451</u> |

It is likely that variations to the terms of current and future joint ventures, the granting of new licences and changes in licence areas at renewal or expiry, will change the expenditure commitment to the Company from time to time.

24. SUBSEQUENT EVENTS

There have been no material events subsequent to 30 June 2006 other than the proposed company acquisition Western Plains Gold Ltd (WPG) to be satisfied through the issue of additional shares by WPG and new share issues by WPG, which will significantly dilute PlatSearch's equity in WPG from 24.8% to approximately 10%. On 26 September 2006 PlatSearch announced the placement of 8,750,000 shares at a price of \$0.12 per share to Minotaur Exploration Ltd which will raise a total of \$1,050,000. The shares are partly paid to \$0.04 per share and a further \$0.04 is due and payable on or before each of 30 June 2007 and 30 June 2008. The first instalment of \$350,000 was received on 28 September 2006. The placement of partly paid shares to Minotaur is part of a strategic alliance with that company which will provide Minotaur with a preferred right to farm-in to projects generated by PlatSearch in Eastern Australia.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006



| | 2006 \$ | 2005 \$ |
|--|--------------------|--------------------|
| 25. CASH FLOW STATEMENT | | |
| Reconciliation of net cash outflow from operating activities to operating loss after income tax | | |
| (a) Operating (loss) after income tax | (529,090) | (456,317) |
| Depreciation | 2,388 | 2,823 |
| Exploration expenditure written-off | 206,293 | 302,591 |
| Services provided with equity consideration | - | (270,000) |
| Share of associate's net losses | 103,416 | 112,640 |
| Share options expensed | - | 82,168 |
| Loss on sale of shares in associate | 18,000 | - |
| Change in assets and liabilities: | | |
| (Increase)/decrease in receivables | (1,831) | 378 |
| (Decrease)/increase in trade and other creditors | (8,618) | (3,039) |
| Net cash outflow from operating activities | <u>\$(209,442)</u> | <u>\$(228,756)</u> |
| (b) For the purpose of the Cash Flow Statement, cash includes cash on hand, at bank, deposits and bank bills used as part of the cash management function. The Company does not have any unused credit facilities. | | |
| The balance at 30 June 2006 comprised: | | |
| Cash and cash equivalents | 49,820 | 85,548 |
| Money market securities – bank deposits (Note 6) | 161,757 | 50,000 |
| Cash on hand | <u>\$211,577</u> | <u>\$135,548</u> |

26. TRANSITION TO AIFRS

For all periods up to and including the year ended 30 June 2005, the Company prepared its financial statements in accordance with Australian generally accepted accounting practice (AGAAP). These financial statements for the year ended 30 June 2006 are the first the Company is required to prepare in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

Accordingly, the Company has prepared financial statements that comply with AIFRS and the significant accounting policies meeting those requirements are described in Note 1. In preparing these financial statements the Company has started from an opening balance sheet as at 1 July 2004, the Company's date of transition to AIFRS, and made those changes in accounting policies and other restatements required by AASB 1 *First-time adoption of AIFRS*.

This note explains the principal adjustments considered by the Company in restating its AGAAP balance sheet as at 1 July 2004 and its previously published AGAAP financial statements for the year ended 30 June 2005.

Exemptions applied

AASB 1 allows first-time adopters certain exemptions from the general requirement to apply AIFRS retrospectively.

The Company has taken the following exemptions:

- AASB 2 *Share-based Payment* has not been applied to any equity instruments that were granted on or before 7 November 2002, nor has it been applied to equity instruments granted after 7 November 2002 that vested before 1 January 2005; and
- AASB 3 *Business Combinations* has not been applied to acquisitions of subsidiaries or of interests in associates or joint ventures that occurred before 1 July 2004.

Explanation of material adjustments to the cash flow statement

There are no material differences between the cash flow statement presented under AIFRS and the cash flow statement presented under AGAAP.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

Explanation of material adjustments to the income statement and balance sheet

The only material differences between the income statement and balance sheet presented under AIFRS and the cash flow statement presented under AGAAP are due to the differing treatment of share-based payments under AIFRS and a write back of \$2,870 goodwill amortised under AGAAP. Goodwill is not amortised under AASB 3 *Business Combinations*.

Under AASB 2 *Share-based Payments*, the Company recognised the fair value of options granted to employees as remuneration as an expense on a pro-rata basis over the vesting period in the income statement with a corresponding adjustment to equity. Share-based payment costs were not recognised under AGAAP.

The application of AASB 2 did not change the accumulated losses and share-based compensation reserve at transition date 1 July 2004, but resulted in an increase in the entity income statement loss and transfers to the share-based compensation reserve for the year ended 30 June 2005 by \$82,168 and, as a consequence of these adjustments, an increase in the accumulated losses and share-based compensation reserve at 30 June 2005 by \$82,168.

The impacts of adopting AIFRS on the total equity and loss after tax as reported under Australian Accounting Standards applicable before 1 January 2005 (AGAAP), the Company's transition date to AIFRS, are illustrated below.

(i) Reconciliation of total equity as presented under AGAAP to that under AIFRS

| | Notes | 30 Jun 05 \$ | 01 Jul 04 \$ |
|---|-------|------------------|------------------|
| Total equity under AGAAP as previously recognised | | 957,667 | 874,006 |
| <i>Adjustment to accumulated losses (net of tax):</i> | | | |
| Write back of amortisation | (a) | 2,870 | - |
| Recognition of share based payment expense | (b) | (82,168) | - |
| | | <hr/> | |
| | | 878,369 | 874,006 |
| <i>Adjustment to other reserves (net of tax):</i> | | | |
| Recognition of share-based payment expense | (b) | 82,168 | - |
| | | <hr/> | |
| Total equity as reported under AIFRS | | <u>\$960,537</u> | <u>\$874,006</u> |

(ii) Reconciliation of profit after tax under AGAAP to that under AIFRS

| | Notes | 12 months 30 Jun 05 |
|----------------------------------|-------|------------------------|
| Net Loss as reported under AGAAP | | (377,019) |
| Write back of amortisation | (a) | 2,870 |
| Less share based payments | (b) | (82,168) |
| | | <hr/> |
| Net Loss after Tax under AIFRS | | <u>\$(456,317)</u> |

(a) Goodwill is not amortised under AASB 3 *Business Combinations*, but was amortised under previous AGAAP. This caused an increase in equity and profit for the year.

(b) Share-based payment costs are charged to the income statement under AASB 2 *Share-based Payments*, but not under previous AGAAP. This has caused a decrease in equity and profit for the year.

(iii) Explanation of material adjustments to the cash flow statement

There are no material differences between the cash flow statement presented under AIFRS and those presented under AGAAP.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006



The following Accounting Standards Amendments and Interpretations may have application to the Company's financial reports in future years but have not been early adopted for the purpose of this financial report::

| AASB Amendment | Affected Standard (s) | Nature of change to accounting policy | Application date of standard | Application date for Company | Summary |
|----------------|--|---------------------------------------|------------------------------|------------------------------|---|
| 2005-10 | AASB 132 <i>Financial Instruments: Disclosure and Presentation</i> , AASB 101 <i>Presentation of Financial Statements</i> , AASB 114 <i>Segment Reporting</i> , AASB 117 <i>Leases</i> , AASB 133 <i>Earnings per Share</i> , AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , AASB 1 <i>First-time Adoption of AIFRS</i> , AASB 4 <i>Insurance Contracts</i> , AASB 1023 <i>General Insurance Contracts</i> and AASB 1038 <i>Life Insurance Contracts</i> | Currently being assessed | 1 January 2007 | 1 July 2007 | These amendments arise from the release of AASB 7 relating to financial instrument disclosures. |

| New Standard/ UIG Affected Standard (s) | Nature of change to accounting policy | Application date of standard/ interpretation | Application date for Company | Summary |
|---|---------------------------------------|--|------------------------------|--|
| AASB 7 <i>Financial Instruments: Disclosures</i> | Currently being assessed | 1 January 2007 | 1 July 2007 | The Standard requires disclosure of: the significance of financial instruments for an entity's financial position and performance; and qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. |
| UIG 4 <i>Determining whether an Arrangement contains a Lease</i> | No change expected | 1 January 2006 | 1 July 2006 | Specifies criteria for determining whether an arrangement is, or contains, a lease. |
| UIG 5 <i>Rights to Interests in Decommissioning, Restoration and Environmental Rehabilitation Funds</i> | No change expected | 1 January 2006 | 1 July 2006 | Addresses accounting for the rights to interests in decommissioning, restoration and environmental rehabilitation funds and for additional contributions to such a fund. |
| UIG 8 <i>Scope of AASB 2</i> | No change expected | 1 May 2006 | 1 July 2006 | Clarifies that the scope of AASB 2 deals with transactions in which an entity cannot identify specifically some or all of the goods or services received as consideration for the share-based payment instrument. |

The following recent Accounting Standards Amendments and Interpretations are not applicable to the Company and therefore are not expected to have any impact on future financial reports.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2006

| AASB Amendment | Affected Standard (s) |
|----------------|---|
| 2004-3 | AASB 119 <i>Employee Benefits</i> |
| 2005-1 | AASB 139 <i>Financial Instruments: Recognition and Measurement</i> |
| 2005-4 | AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , AASB 132 <i>Financial Instruments: Disclosure and Presentation</i> , AASB 1 <i>First-time adoption of AIFRS</i> , AASB 1023 <i>General insurance Contracts</i> and AASB 1038 <i>Life Insurance Contracts</i> |
| 2005-5 | AASB 1 <i>First-time adoption of AIFRS</i> and AASB 139 <i>Financial Instruments: Recognition and Measurement</i> |
| 2005-6 | AASB 3 <i>Business Combinations</i> |
| 2005-9 | AASB 4 <i>Insurance Contracts</i> , AASB 1023 <i>General Insurance Contracts</i> , AASB 139 <i>Financial Instruments: Recognition and Measurement</i> and AASB 132 <i>Financial Instruments: Disclosure and Presentation</i> |
| 2006-1 | AASB 121 <i>The Effects of Change in Foreign Currency Rates</i> |
| AASB 129 | UIG 7 <i>Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies</i> |
| AASB 132 | UIG 9 <i>Reassessment of Embedded Derivatives</i> |

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of PlatSearch NL, I state that:

- (1) In the opinion of the Directors:
 - (a) financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2006 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2006.

On behalf of the Board

R L Richardson
Managing Director

Sydney, 29 September 2006

Independent audit report to members of PlatSearch NL

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for PlatSearch NL (the company), for the year ended 30 June 2006.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

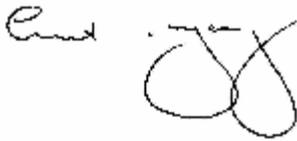
Audit Opinion

In our opinion:

- 1. the financial report of PlatSearch NL is in accordance with:
 - (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of PlatSearch NL at 30 June 2006 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
 - (b) other mandatory financial reporting requirements in Australia.

Inherent Uncertainty Regarding Continuation of Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1(c) “Going Concern” to the financial statements, there is significant uncertainty whether the company will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.



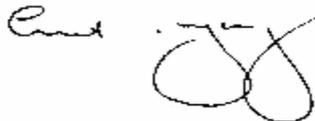
Ernst & Young



Gary Daniels, Partner
Sydney
29 September 2006

Auditor’s Independence Declaration to the Directors of PlatSearch NL

In relation to our audit of the financial report of PlatSearch NL for the financial year ended 30 June 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Gary Daniels, Partner
29 September 2006



The Board of Directors of PlatSearch NL is responsible for corporate governance and strives for high standards in this regard. The Board monitors the business and affairs of PlatSearch on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board draws on relevant best practice principles particularly those issued by the ASX Corporate Governance Council in March 2003. At a number of its meetings the Board examined the PlatSearch corporate governance practices and the progress towards a review of its practice compared to the best practice principles proposed by the ASX Corporate Governance Council. While PlatSearch is attempting to adhere to the principles proposed by ASX, it is mindful that there may be some instances where compliance is not practicable for a company of PlatSearch's size.

The March 2003 Australian Stock Exchange Corporate Governance Council publication "Principles of Good Corporate Governance and Best Practice Recommendations" is for guidance purposes, however all listed companies are required to disclose the extent to which they have followed the recommendations; to identify any recommendations that have not been followed; and reasons for not doing so. The Company's Board of Directors has reviewed the recommendations. In many cases the Company was already achieving the standard required. In other cases the Company will have to consider new arrangements to enable compliance. In a limited number of instances, the Company may determine not to meet the standard set out in the recommendations, largely due to the recommendation being considered by the Board to be unduly onerous for a company of this size.

The following paragraphs set out the Company's position relative to each of the 10 principles contained in the ASX Corporate Governance Council's report.

Principle 1: Lay solid foundations for management and oversight

The Company has not yet formalised and disclosed the functions reserved to the Board and those delegated to management. However, the Company has a small Board of three Directors (one Non-Executive Director plus the Managing Director and Finance Director) and a small team of people, so roles and functions have to be flexible to meet specific requirements.

Principle 2: Structure the Board to add value

The Company complies with most of the recommendations within this area as the Chairman is independent; separate from the Managing Director. The Company does not comply with the recommendation that a majority of Directors are independent, because two are Executive Directors. The Company does not have a Board nomination committee.

One of the Company's three Directors is the Non-Executive Chairman of Directors and he has not undertaken "material" consultancy work for the Company within the past three years. Each Director of the Company has the right to seek independent professional advice at the expense of the Company. Prior approval of the Chairman is required, but this will not be unreasonably withheld.

Principle 3: Promote ethical and responsible decision-making

The Company has a policy concerning trading in its securities by Directors, management, staff and significant consultants which is set out below. The Company does not have a formal code of conduct, again reflecting the Company's size and the close interaction of individuals throughout the organisation.

Principle 4: Safeguard integrity in financial reporting

The Company periodically reviews its procedures to ensure compliance with the recommendations set out under this principle.

Senior management confirms that the financial reports represent a true and fair view and are in accordance with relevant accounting standards. The Managing Director and the Finance Director state in writing to the Board that the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company are in accordance with relevant accounting standards.

The Company has an Audit Committee and is reviewing its formal charter and the written charter will be approved by the Board.

The Audit Committee consists of the Non-Executive Chairman of Directors Mr Soper and the Managing Director Mr Richardson. These Directors have applicable expertise and skills for the Audit Committee. This structure does not meet the ASX's guidance regarding independence, in that it should have a majority of independent Directors and have at least three members and the Committee Chairman should not be the Chairman of the Board. The Audit Committee reports to the Board after each Committee meeting. In conjunction with the full Board, the Committee reviews the performance of the external auditors (including scope and quality of the audit).



Principle 5: Make timely and balanced disclosure

The Company, its Directors and staff are very aware of the ASX's continuous disclosure requirements and operate in an environment where strong emphasis is placed on full and appropriate disclosure to the market. Whilst the Company does not have formal written policies regarding disclosure, it uses strong informal systems underpinned by experienced individuals.

Principle 6: Respect the rights of shareholders

All significant information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

Whilst the Company does not have a communications strategy to promote effective communication with shareholders, as it believes this is excessive for small companies, the Company does communicate regularly with shareholders. The Company has requested the external auditor to attend general meetings and this has been supported by the Company's audit partner at Ernst & Young.

Principle 7: Recognise and manage risk

The Company is a small, exploration company and does not believe that there is significant need for formal policies on risk oversight and management of risk. Risk management arrangements are the responsibility of the Board of Directors and senior management collectively and Risk Factors is a standing agenda item at Board meetings.

Principle 8: Encourage enhanced performance

The Company has a Remuneration Committee of Messrs Soper and Richardson which meets as and when required, to review performance matters and remuneration. There has been no formal performance evaluation of the Board during the past financial year, although its composition is reviewed at a Board meeting at least annually. The Directors work closely with management and have full access to all the Company's files and records.

Principle 9: Remunerate fairly and responsibly

Directors believe that the size of the Company makes individual salary and contractor negotiation more appropriate than formal remuneration policies. The Remuneration Committee will seek independent external advice and market comparisons as necessary. In accordance with Corporations Act requirements, the Company discloses the fees or salaries paid to all Directors, plus the five highest paid officers. The Company has an Employee Share Option Plan that was introduced in November 1993.

Principle 10: Recognise the legitimate interests of stakeholders

During the year the Company adopted a formal code of conduct to guide compliance with legal and other obligations. The Board of Directors continues to review the situation to determine the most appropriate and effective operational procedures.

Ethical Standards

The Board's policy is for the Directors and management to conduct themselves with the highest ethical standards. All Directors and employees will be expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Securities Trading and Trading Windows

Directors, employees and key consultants must consult with the Chairman of the Board or the Managing Director before dealing in shares of the Company. Purchases or sales in the Company's shares by Directors, employees and key consultants may not be carried out other than in the "window", being the period commencing two days and ending 30 days following the date of announcement of the Company's annual or half yearly results, its quarterly reports or a major announcement leading, in the opinion of the Board, to an informed market. However, Directors, employees and key consultants are prohibited from buying or selling PlatSearch shares at any time if they are aware of price sensitive information that has not been made public.

SHAREHOLDER INFORMATION



Information relating to shareholders at 22 September 2006 (per ASX Listing Rule 4.10)

Substantial Shareholder

Shareholding

Viking Investments Limited

7,756,676

Distribution of Shareholders

| Number of ordinary shares held | Number of Holders | Ordinary Shares |
|--------------------------------|-------------------|-------------------|
| 1 – 1,000 | 318 | 141,667 |
| 1,001 – 5,000 | 197 | 518,187 |
| 5,001 – 10,000 | 135 | 1,100,957 |
| 10,001 – 100,000 | 404 | 17,126,667 |
| 100,001 – and over | 136 | 51,880,581 |
| | 1,190 | 70,768,059 |

At the prevailing market price of 7.6 cents per share, there were 560 shareholders with less than a marketable parcel of \$500.

Top 20 Shareholders of Ordinary Shares as at 22 September 2006

| | Shares | % Shares issued |
|--|-------------------|-----------------|
| Viking Investments Limited | 7,756,676 | 10.96 |
| Mr Chris Carr and Mrs Betsy Carr | 3,000,000 | 4.24 |
| Warman Investments Pty Ltd | 2,134,857 | 3.02 |
| Whistler Limited | 1,784,942 | 2.52 |
| Mr Robert L Richardson and Ms Susanne Brint <The Rathroam Staff Fund > | 1,686,020 | 2.38 |
| Panstyn Investments Pty Ltd | 1,641,430 | 2.32 |
| Iipseity Pty Limited | 1,508,931 | 2.13 |
| Mr Phillip Clive Hardcastle | 1,140,200 | 1.61 |
| Howard-Smith Investments Pty Ltd | 1,116,021 | 1.58 |
| Kimbriki Nominees Pty Ltd | 800,220 | 1.13 |
| Mr Michael Anthony Parnell | 795,000 | 1.12 |
| Crescent Nominees Limited | 741,073 | 1.05 |
| Peninsula Exploration Pty Ltd | 700,000 | 0.99 |
| Mr Bruce Samuel Harris Rosenberg | 600,000 | 0.85 |
| Wimtone Pty Limited | 600,000 | 0.85 |
| IJH International Pty (L) Ltd | 590,384 | 0.83 |
| Huntley Family Holdings Pty Ltd <Superfund A/C> | 578,417 | 0.82 |
| Mr Rhys Williams | 536,750 | 0.76 |
| Nefco Nominees Pty Ltd | 475,000 | 0.67 |
| Technica Pty Ltd | 471,430 | 0.67 |
| Total of top 20 holdings | 28,657,351 | 40.50 |
| Other holdings | 42,110,708 | 59.50 |
| Total fully paid shares issued | 70,768,059 | 100.00 |



Partly paid, unlisted ordinary shares

There are 450,000 ordinary 25 cent shares paid to 1 cent which are not listed on any stock exchange. Holders of these shares are Glenn Elliott Goodacre (200,000), Geonz Associates Limited (200,000) and Maxel Franz Rangott (50,000). The shares were issued under the Platinum Search Share Incentive Plan, which was replaced by the Employee Share Option Scheme on 25 November 1993.

Employee Share Option Scheme

At the Company's Annual General Meeting held on 25 November 1993, shareholders approved the adoption of the Company's Employee Share Option Scheme. The Scheme has been "refreshed" at a number of Annual General Meetings since then. On 30 November 2001 the Directors resolved to grant 650,000 options to eligible persons under the scheme, 80,000 of these options have since expired and 570,000 remain on issue. The options are for a period of five years, expire on 30 November 2006 and are exercisable at 25 cents. Holders of the 30 November 2006 options are Robert L Richardson (250,000), Robert J Waring (240,000), Raymond J Soper (40,000) and Wendy L Corbett (40,000). On 24 November 2004 the Directors resolved to grant 3,680,000 options to eligible persons under the scheme, 300,000 of these options have since expired and 3,380,000 remain on issue. The options are for a period of five years, expire on 24 November 2009 and are exercisable at 25 cents. Holders of the 24 November 2009 options are Robert L Richardson (1,600,000), Robert J Waring (1,150,000), Raymond J Soper (400,000), Wendy L Corbett (200,000) and Robin A Catalano (30,000).

Voting rights

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Option holders have no voting rights until the options are exercised.

Audit Committee

At the date of the Report of the Directors, the Company has a committee of one Non-Executive Director and the Managing Director which meets with the Company's external auditors at least once during each half-year. These meetings take place prior to the finalisation of the half-year financial statements and Annual Report and prior to the signing of the Audit Report.

*PlatSearch's primary targets are large, world-class deposits
known in the industry as "elephants"*





Exploring Australia for World-Class Mineral Deposits



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